

Up against a brickwall

The dead-end in housing policy



**NUPE
SCAT**

SCAT Publications was set up by, and draws closely on the experience of, the workers in Services to Community Action and Tenants (SCAT). Services to Community Action and Tenants is a national project giving advice and assistance on technical and policy issues, tactics and campaign organising to tenants and action groups, community projects, Trades Councils and other Labour Movement organisations. The project also runs educational workshops on a wide range of housing and planning issues.

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Typeset by Lyn Caldwell
Designed by An Dekker
Cartoons by Liz Mackie
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foreword

This pamphlet is a contribution to the debate on the Government's housing policy. This is not an abstract debate about ideals; housing is a practical, day to day reality for millions of working people, who face increasing rents, a shortage of accommodation, and cuts in the number of council houses under construction.

That is why this pamphlet is essential reading for every trade unionist. It is the first joint venture between a major trade union and a community project, and shows the value of the positive collaboration that can exist between a trade union fighting for its members' rights and a community group seeking to alert people to social problems and the economic causes of those problems.

The message that is stated quite clearly in this pamphlet is that the fight for a housing policy which will solve the real housing problems of working people must be taken to every part of the Labour Movement and the community.

A handwritten signature in dark ink, appearing to read "Alan H. Fisher". The signature is written in a cursive style with a horizontal line underneath.

GENERAL SECRETARY

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introduction

1.1 Since the election of the Labour Government in February 1974, the struggle to achieve decent housing for all sections of the community has suffered a number of major setbacks.

* First, by October 1977 the Government had cut an estimated £1,250 million from the housing programme.

* Second, under the guise of "rationalisation", the Government has introduced tough measures to curb the degree of autonomy of local councils over the size and scope of their housing programmes.

* Third, there have been major moves to expand the private housing market at the expense of council housing.

1.2 This pamphlet, produced jointly by SCAT and NUPE, is designed to illustrate the housing crisis facing working people and describes the impact of the crisis on working class areas. It is intended to be a major contribution to the debate now taking place throughout Britain on the Government's housing green paper.

1.3 We start our analysis from the basic position that the private housing market, and particularly the expansion of owner-occupation, cannot solve the housing problems of trade unionists and working people generally. Owner-occupation is expensive and allocated on the basis of the ability to pay; in our view it cannot provide housing solutions for working people in general and particularly for the low paid, the unemployed, the sick and the disabled. Nor does it distribute housing on the basis of need. Because of these facts, and the cuts in public expenditure on housing, we believe that the Labour Movement must now re-assert the importance of public provision financed principally by central Government resources, as the only sensible method of solving the housing problems of working people. This must take place through an expansion of the size of the council

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housing sector relative to the private sector, and the immediate restoration of the cuts in housing spending.

1.4 Plans are being made for the large-scale expansion of owner-occupation and a reduction in the role of council housing to that of a residual service catering only for the needs of the most under-privileged sections of society. That development must be opposed by the Labour Movement (including tenants and community groups), as we believe that only council housing - which operates on the principle of the pooling and sharing of costs - can allocate housing according to the relative needs of the whole population.



The Redroad flats, Glasgow, show that some council housing has fallen far short of its potential.

1.5 We accept that council housing has fallen far short of its potential. It has largely been used as a safety net to compensate for the failures of the private market, and has been hamstrung by having to compete for land in the market place; by having to borrow money from the City institutions and banks in order to pay for construction work; and by its reliance on private construction firms which are aiming to maximise their profits. Council housing has been a major target for cuts in public expenditure; and poor design and paternalistic management have led many tenants to make legitimate criticisms of the way in which the allocation and management of council housing operates.

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1.6 These problems have been heralded by the opponents of council housing as proof that it is inefficient and incapable of responding to the needs of working people. We cannot accept that this is the case; the real truth is that because a shortage of rented accommodation has been created by cuts in council housebuilding and the low level of investment in private rented housing, people have been forced to consider moving into owner-occupied houses - at considerable cost to themselves, both personally and financially.

1.7 This pamphlet is a contribution to the debate on the future of housing policy in Britain. It is not an academic document. It is concerned with issues vital to every trade unionist, and describes the action that must be taken by the Labour Movement if the real causes of the housing crisis are to be tackled.

2

key questions on housing

2.1 This section deals with some of the common questions people ask about housing - questions which must be answered in order to separate fact from fiction.

Question Number 1

Hasn't the housing shortage been solved?

2.2 This comfortable myth is used to support the view that councils no longer need to build council houses or to "interfere" with private rented housing by buying tenanted houses.

2.3 A look at the facts dispels this myth. In Britain at present there are estimated to be nearly % million more houses than households. However, a surplus of houses is necessary, because at anyone time a number of houses have to be empty for a short period to allow people to move from one home to another: an estimated one million homes are required for this purpose in Britain.

2.4 On this basis alone, the supposed surplus of % million houses is in fact a shortage of over % million. This shortage grows much larger when we consider the following facts:-

* Of the 800,000 empty houses and flats in Britain a large number are deliberately being kept empty by the owners: some are waiting for property prices to rise again. Others are awaiting the removal of security of tenure for furnished accommodation before letting again. Many council houses and flats are left empty for long periods because the housing cuts have reduced vital funds for repairs and improvements, or because they were badly built and cannot be let.

* There are about 185,000 second homes in Britain. These are obviously not available for other people to move into, even though

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they may be empty for most of the year.

* In many areas, particularly in the larger towns and cities, a large number of people are sharing accommodation with others, many against their will. When all these sharing households and "hidden" households (eg young couples living with relatives as one household but wanting their own homes) are counted together they add up to just over one million households in England and Wales.



Over 3 million families in Britain still live in bad or overcrowded conditions.

2.5 And what about the condition of Britain's 20 million houses and flats? The official figures tell us that in 1976:

- (i) 900,000 houses and flats in England and Wales are classified as unfit for people to live in.
- (ii) nearly one million further houses in England and Wales do not have at least one basic amenity - such as a bath, inside WC or hot water.

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(iii) 160,000 houses in Scotland are either unfit or lacking basic amenities.



(iv) over one million houses in England which are officially described as "fit" need more than £1,000 spending on each of them on repairs alone.

However, these figures take no account of the growing number of apparently solid, modern council flats which are in fact so badly designed or constructed that families refuse to live in them. Tenants all over the country are campaigning against the damp conditions and building defects in these flats.

2.6 These figures are reinforced by the extent of crude housing need:-

(i) In 1976 in England alone there were 52,000 applications from homeless families for housing - twice the rate of 1971.

(ii) There are an estimated 1.1 million families on council waiting lists in England and Wales.

2.7 Whilst the present situation is bad enough, we must remember that each day more houses fall into disrepair, become slums and are

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closed or demolished. Approximately 55,000 homes were "removed" from use in this way during 1976. There is at present no net improvement taking place in England's housing stock. The rate of deterioration now equals the rate of improvement. Meanwhile, new households are being set up and require housing. Each year there is a net increase of 150,000 households in England and Wales.



There is now no net improvement taking place in England's housing stock: families are waiting longer to be rehoused.

2.8 Finally, from the Government's own most recent figures (in the Housing Policy Green Paper) there emerges a very grim picture of a continuing housing crisis. The Government estimates that in 1981 there will still be more than half a million houses that are unfit to live in, and nearly the same number of houses without baths, hot water, etc.

2.9 These figures show that in England and Wales alone, and on the Government's own estimates, a total of over three million families are living in houses that are in bad condition or overcrowded.

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Question Number 2

Didn't the Labour Government promise to give high priority to housing?

2.10 "A socialist approach assumes that providing decent housing for the whole population is as much a social as an economic problem. It is necessary that the next Labour Government treat housing as a high priority." (Labour's Programme for Britain 1973).

2.11 This commitment in Labour's Programme 1973 to a high priority for housing did not give rise to promises in the 1974 election manifestos which, if implemented, would have founded the basis of a socialist housing policy. However, some of the election promises were carried out within the first few months of Labour coming to power. Tory policies over the previous four years had raised rents, pushed up house and land prices, lengthened waiting lists and cut back council housebuilding to its lowest point since 1947. So urgent action was essential. A rent freeze was introduced and council housebuilding was increased.



2.12 However, within a year the first cuts had hit housing. Two further years of cuts have reversed these early gains, and have created more serious housing problems in many areas. By early 1976, the new Labour Party Programme recognised that a much bigger investment in public housing was needed. But immediately afterwards, in July 1976, further substantial cuts in council house construction were introduced.

2.13 Because of the cuts, total Government spending on housing will drop by 17 per cent between 1974-75 and 197~79. The capital programme - that is the investment of public money in housing land,

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building and improving council housing, and the purchase and repair of older houses - will have been cut by a massive 40 per cent. (Figures based upon the 1977 Public Expenditure White Paper, at constant 1976 prices). And housing's share of all public spending programmes was planned to fall from 10.1 per cent in 1974-75 to 8.6 per cent in 1978-79.

2.14 The October 1977 mini-budget introduced by the Chancellor expanded public spending by approximately £525 million, of which £150 million has been allocated for housing in England. This minor expansion of resources for housing - introduced as part of a package to assist the hard-hit construction industry - is insufficient in size and scope to reverse the major housing crisis that we identify in this pamphlet.



Question Number 3

Hasn't public spending on housing actually increased?

2.15 Total housing expenditure has increased but the additional cash is not being used to expand the number of houses being built, improved and acquired for the public sector. In the first year of the Labour Government the amount of public money spent on housing in Great Britain increased by 38 per cent - to £5,152 million in 1974-75. And that is without counting tax relief on Building Society mortgages. However, that was a short-lived peak, and the Government's current plans, as shown in the Public Expenditure White Paper, (Cmnd 6721), are for housing expenditure to fall again to £4,286 million in 1977/78. (All prices are at constant 1976 prices unless otherwise stated).

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2.16 In fact, this expansion is largely the result of inflation working its way through increased "debt charges" into increased Government subsidies, and would almost certainly have taken place whichever party was in power.

2.17 But what did this increased expenditure produce? How many new houses were built? How many older houses were improved or repaired?

2.18 The simple answer is that the proportion of housing expenditure used to build and improve houses is declining dramatically in relation to total public spending on housing. In fact, over the 10 year period 1968/69 to 1977/78, this proportion will have fallen by almost HALF - from 74 per cent of all public spending on housing to 38 per cent.

2.19 If we look at just one year, 1974/75, we can get some idea of the relationship between the amount spent on meeting housing need, and the amount consumed by debt charges, that is, the repayment with interest of money borrowed to build and improve houses. In that year the sum paid by UK spending housing authorities to the money lenders - £1,392 million - was almost identical to authorities to the total sum spent by local authorities on new public house-building and land in the UK. (See page 12 for a brief explanation of how housing is financed).

2.20 The Government's economic strategy, and growing Tory pressure for further reductions in resources for housing, make it inevitable that if Government housing subsidies to local authorities are to go on rising to cover councils' growing debts owed to the financiers, then some other part of housing spending has to be cut.

2.21 This is where Labour's strategy for housing becomes clear. As the Government is unwilling to take effective steps to control the financial institutions, and so bring down debt charges on housing, it has decided to slash capital spending instead. This means that on top of the cuts already made in new council house building, improvement, major repairs and municipalisation, further cuts in local authorities' investment are to be made.

2.22 The housing expenditure plans for 1978/79 published in the February 1977 White Paper show an overall reduction of £118

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million when compared with the amount proposed in the 1976 White Paper (see Table 5.7, Cmnd 6721). This overall figure in fact masks the real truth; whilst subsidies to cover debt charges and rent rebates will be £421 million higher than earlier planned in the year, spending on local authority, New Town and housing association building and acquisitions is to be cut by £275 million. Council home loans and Government mortgage schemes are to be cut by £272 million.

What these and earlier cuts in capital investment mean in terms of a failure to improve housing conditions, despite an overall increase in expenditure, is described in Section Three.



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HOW HOUSING IS FINANCED

In order to understand what actually happens to the public money spent on housing in terms of the contribution it makes to building and improving houses, we have to look briefly at how housing is financed. To do this, we distinguish between capital and current expenditure on housing.

Capital expenditure is money spent on building, improving and buying houses, and the purchase of land for housing. The vast majority of this money is borrowed by local authorities from the banks, pension funds, insurance companies, building societies and individuals who decide to invest in public building activities.

Current (or "revenue") expenditure covers day to day running expenses (staff wages, maintenance and management of housing housing), and debt charges on the money borrowed to finance capital expenditure.

Subsidies are paid by central Government towards local authorities' debt charges and thus makes up some of the difference between councils' income from rents and their expenditure on new and existing housing. Contributions from councils' rates income make up the balance.

Each year, two thirds of all local authority spending on council owned housing goes to payoff debt charges; 80 per cent of these debt charges are made up of interest on the money borrowed.

Between the late 1960s and the mid 1970s, local authorities' debt charges have increased 2¹/₂ times. In the same period, and as part of the debt charges, the amount of interest paid to the City financiers on money borrowed for housing is estimated to have increased from £570 million to a massive £1,484 million.

On each new house built in 1975/76 in England and Wales £1,642 in interest charges had to be paid in that year.

3

what the cuts mean

3.1 This section details the cuts that have been made in each part of the housing programme and their effects. It demonstrates the cumulative and destructive effect of the cuts on rents and living conditions in council housing; on older housing needing improvement; on housebuilding; and on jobs.

Rents Go Up

3.2 A few weeks after the election in February 1974, the Government imposed a freeze on all council and private rents for one year in England and Wales, and 15 months in Scotland.

No sooner had the freeze finished in March 1975 than rents started increasing again. Private and housing association rents were again allowed to rise although the increases had to be phased, and a Government subsidy was given to councils to keep council rent increases down to an average of 60p per week. The subsidy was again provided in 1976 and 1977. However, the subsidy was designed in such a way that councils could only claim it if they could show that without it an 'unreasonable' (ie over 60p a week) rent increase would otherwise be necessary. Thus the Government has more or less obliged councils to raise rents by an average of no less than 60p.

3.3 Since the freeze ended there have been at least three rent increases, with four increases in some areas. While rents for older property have normally gone up by 60p a week or less on each occasion, tenants in houses built since the mid-60s have faced increases of £1 or £2 each time. In the nine year period 1965-74 rents were rising faster than both household income (where the head of household was a manual worker) and retail prices. The rent freeze did provide a temporary respite. However, rents are now climbing at the same rate as they did during the first year of the notorious Tory Housing Finance Act - the piece of legislation which imposed 'fair rents' on council tenants and forced councils to make a profit out of their housing stock. In the two years from April 1975, average

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council rents in England and Wales rose by 40 per cent, considerably more than the increase in the index of average earnings over the same period. And rents are to go on rising, because the Government has decided that tenants must pay a larger share of the costs of council housing.

3.4 However, increasing costs of management and maintenance due to increased wages and costs of materials are only a small part of the explanation for rising rents. A much more crucial factor in the rises is the increasing cost to councils of borrowing money from the City to build and improve council housing; an average of 62p in every pound of rent paid to the council goes straight to the City financiers to payoff interest charges on money borrowed.

3.5 Last year, despite all the propaganda about council tenants being subsidised too highly, in all councils in England and Wales except a few London boroughs, council rents before rebates covered the cost of management and maintenance. On the other hand, in over one hundred councils, rents before rebates did not cover the amount paid out in interest payments. To take one example - in Newcastle in 1976/77 income from council rents was £9.4 million whereas debt charges for the same period amounted to £16.3 million.

Conditions Get Worse

3.6 As soon as rents started to increase again after the rent freeze living conditions for council tenants started to get worse. This was because of a number of factors -

- * Repairs, maintenance and decoration have been carried out less frequently or not at all and some councils are trying to make tenants pay the cost of repairs and maintenance on top of their rents.
- * Modernisation programmes for old council houses are being cut back drastically.
- * Some councils are being forced to consider demolishing council houses and flats built less than 15 years ago.
- * Major structural defects are being ignored.

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- * Pressure on tenants who get into rent arrears is increasing.

Repairs and Maintenance Cut Back

3.7 Two days before Christmas 1974 the Government told councils that their expenditure on repairs and maintenance for 1975/76 had to be kept at the same amount per dwelling as in the previous year after allowing only for unavoidable increases in wages and the price of materials. This Government directive has meant that many councils are now concentrating on 'essential' repairs only or have stopped repairing and redecorating flats or are extending maintenance cycles. Tenants are having to wait longer for a lower standard of repair.

- * In Islington, for example, repainting of estates now takes place every 14 years instead of every 8.

- * In Coventry 40p of a recent £1 rent increase has been put towards attempting to catch up on a backlog of repairs.

- * In Liverpool there is now an estimated backlog of 50,000 repairs.

3.8 These examples mean not only worsening conditions for council tenants but also greater potential conflict between tenants and council workers (who are sometimes wrongly blamed for delays). They also lead to a loss of work and jobs in Direct Works Departments and an increased rate of deterioration in the council's housing stock.

The same Government circular at Christmas 1974 urged councils to "look at ways of increasing the degree of responsibility for maintenance borne by tenants", and a number of councils have been quick to put this into practice. Tenants in Liverpool have successfully fought attempts to make them responsible for repairs and maintenance of communal areas, but in Leicester, Peterborough, Nottingham and many other cities, tenants now have to do minor repairs themselves, and the charges for the repairs for which tenants are responsible have soared.

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* Manchester had a programme to modernise 3,000 council houses in 1977-78 costing £19m. The cuts in improvement money mean that they can now spend less than £5m.

In some places where councils have been refused money to go ahead with modernisation programmes they have been forced to consider demolition instead. For example, the cut back in Manchester's improvement programme has meant the demolition of 100 walk-up flats built less than thirty years ago; but the council will have to go on paying interest charges of £5000 a year for the next forty years on a building which no longer exists.



Construction Defects

3.10 Although local authorities have recently had to deal with the need to improve a large number of its older council houses, the most serious problems are often caused by schemes built within the last 15 years. In many council estates tenants have to suffer dampness, condensation and falling brickwork because of major faults in the design and construction of the buildings.

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The Greater London Council has a £30m programme to remedy such defects. Another 40 councils alone have £20m worth of defects, mainly on tower blocks built in the last twenty years. The remedial work required has also been hit by the cuts as expenditure on major repairs is controlled by the Government.

It has meant further delays and worsening conditions, with councils increasingly reluctant to admit firstly that major defects exist, and secondly that they are caused by bad design and bad building and not by the tenants.

In North Tyneside some 15 year old flats at Lsmgbenton are to be demolished because of the high costs of improving them and carrying out remedial work. The Department of the Environment has informed the council that when the flats are demolished the council will have to continue paying off debt charges for the next 45 years. Subsidies will be withdrawn by the DoE so that the council will have to pay all the interest charges.

Insecurity of Tenure

3.11 The cuts have not only meant poorer physical living conditions. The squeeze has been put on tenants in other ways. One side-effect of the cuts is that some councils are increasing the pressure on tenants to pay their rent on time. For example, in Stafford the council has a "shame van" which tours the estates with the names of the tenants who are in rent arrears written on the side. And in Bury, as part of its "get tough" approach to tenants owing rent, the council sends out officials to make surprise visits to tenants at night. At a time when high levels of unemployment and rising prices are causing serious difficulties for tenants in keeping up with their rent, insecurity for tenants is increasing. A Court of Appeal decision in July 1977 that a council serving notice to quit on one of its tenants is now not obliged to give reasons for doing so, completes the picture of increasing insecurity; and there has been no move by the Government to honour the pledge to introduce legislation giving security of tenure for council tenants.

Older Housing in Need of Improvement

3.12 In the early 1970s there was a big swing in housing policy away from slum clearance and redevelopment and towards improving

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and repairing older houses. This was a reaction against the massive clearance and rebuilding programmes of the '50s and '60s which destroyed working class communities and separated people from their jobs, homes and neighbours.

In 1974 the new Labour Government pledged itself to "help conserve homes and areas that can be improved with the aid of grants rather than demolish them" (October Manifesto), and translated this promise into legislation by taking over the Conservative proposals for action on housing stress. The aim of the resulting Housing Act 1974 was to use public resources and some legal muscle to encourage owners to improve older houses. Together with the Labour policy of municipalisation (councils buying up private rented property in order to extend public ownership of housing and improve conditions for tenants) and the existing council mortgage scheme, the Act provided the beginnings of a coherent improvement programme. The four main elements of this programme were -

Municipalisation: Councils were to buy up, repair and improve houses where owners and landlords were unwilling or unable to do the necessary work themselves.

Housing Action Areas: Councils were to concentrate their activity in small areas of the worst housing - called Housing Action Areas (HAAs) - where they would have extra powers and resources to bring about rapid improvements in conditions within 5 years.

Grants and Loans: Public money in the form of grants and loans was to be used to encourage private owners to put their own time and money into improving their homes.

Council Mortgages: Councils were to give more mortgages to low income families to help them buy homes in the older city areas where building societies have repeatedly refused to lend.

3.13 These different policies within the programme were closely related to each other, the success of each one depending heavily on the achievement of others. A reduced rate of clearance made no sense without an increased rate of improvement; there was no point in councils declaring HAAs unless they had the money and powers to municipalise private rented and multi-occupied property; and it was pointless to make larger improvement grants available unless

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loans were also given to families who couldn't afford their share of improvement costs. Not all these policies were new in themselves, but they were to be brought together in a comprehensive way for the first time. Since 1975, however, every part of the improvement programme has been cut back or disrupted, and the whole logic of the programme is now in shreds.

Municipalisation

3.14 In 1975 tight Government restrictions were introduced on where, and in what circumstances, councils could buy rented homes. This was followed by a 45 per cent cut between 1976/77 and 1977/78 in the amount of money available to councils in England and Wales for municipalisation. Translated into numbers of houses added to councils' stock, this means that whereas 25,000 houses were acquired in England in 1974, the expected total for 1977 is 10,500.

The Government has now ruled that the financial allocation for municipalisation must also cover the purchase of houses within Housing Action Areas whereas beforehand these purchases came out of separate funds.

* Wolverhampton Council was told it could spend £300,000 in 1977/78 but unlike the previous year an estimated £220,000 of this will now have to go on HAA purchases and initial repairs on the houses bought. This leaves only £80,000 for buying houses elsewhere, of which a large part is already committed from the previous year.

* Islington Council asked the Government for permission to spend £8.48m in buying 750 houses in 1977/78, but have been allowed only £3m. This is enough to buy only 300 houses after existing commitments have been met, and effectively destroys the ability of the council to maintain its improvement programme by regular purchases from private landlords.

Council Improvement Work

3.15 One of the main reasons for pursuing a policy of municipalisation is to enable councils to improve living conditions for the sitting tenants once they have bought the property. The cutback in the amount councils have been allowed to borrow for improvement and modernisation work has had a very damaging impact on councils

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with large numbers of older slum properties.

The suddenness and severity of the first allocation cutback in March 1975 took a particularly heavy toll on councils' improvement programmes.

Because local authorities had to meet contractual commitments on rolling programmes for modernising council estates, with budgets often half the size they had planned for, many had to abandon plans for improving houses bought from private owners.

* Councils like Islington, with the largest improvement programme in London, had their 1975/76 and 1976/77 budgets cut almost by half. It was only strong local protest that restored some of the money cut, and enabled the council to avoid abandoning any new improvement work for a year. Other councils have not been so 'lucky'.

* In Newcastle, where the council have had an active municipalisation programme, the cuts in the money the council could spend on improvements and repair have meant that they have been forced to try to re-sell the houses to owner-occupiers who would do the necessary work.

This year (1977/78) the allocation for council improvement work has been slashed back yet again, so that once more reduced funds have to cover more work - not only improvements to council houses, but now also repairs to major defects in tower blocks, work in Housing Action Areas, and the provision of play areas and traffic-free streets in improvement areas.

3.16 Tenants who expected to be 'saved' from slum conditions they suffered from under a private landlord, are being told by their new council landlord that there is no prospect of improvement or major repair work being done this year. And cuts in the improvement money have an effect on the municipalisation programme. If councils haven't the funds to improve houses after acquiring them, then there is no point in acquiring them and providing critics with the opportunity to point to the increasing number of empty and uninhabitable houses in council ownership.

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Housing Action Areas

3.17 It might have been expected that the most likely part of the new programme to survive the cuts would be the Housing Action Areas (HAAs). Their main purpose was to achieve rapid results by dealing with the very worst areas through a concentrated effort. But, by the end of 1976, only 189 such areas had been declared in England and Wales, covering 66,637 homes. A number of local authorities have no HAAs at all; other, such as Liverpool, have 21, but covering only 4,800 homes out of an estimated 36,500 in the city that are unfit to live in. But the real test of success must be how many houses have been improved, and how many families given decent housing in the 'stress' areas. Here the picture is a bleak one. Cutbacks in council funds for buying and improving the houses, restrictions on grants and loans to private owners in HAAs and the restrictions on increases in council staff (HAAs require large staff resources), mean that, by the end of 1976, improvement and repair work using public money had been completed on only 1,332 houses in the whole of England and Wales.

Improvement Grants to Private Owners

3.18 Between 1973 and 1976 there was a drop of 64 per cent in the number of improvement grants given to private owners. One of the reasons for this was a 'hidden' cut in the amount of money given in grants - although maximum grant levels remained fixed between 1974 and July 1977, building costs during the same period rose by 61 per cent. This meant that low income families were often unable to afford their share of improvement costs. Therefore applications for grants fell. The larger grants announced in July 1977 may help working families. But this has been offset by the new limit placed on the amount of money councils can be given in improvement grants. This has affected every local authority; for example, Coventry's proposed expenditure of £1.9m this year was cut to £1m.

The number of houses and flats in England and Wales given bathrooms, WCs and major repairs with the help of public money fell by nearly two-thirds between 1973 and 1976.

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Cuts in Home Loans

3.19 Council lending to working class families who want to buy older and cheaper houses, particularly in the inner parts of towns and cities, has received the biggest cut of all. In June 1975, when councils had already been lending from their 1975/76 budget for 3 months, the Government suddenly cut £250m off the funds available for home loans. Councils had to close down their home loans office immediately because they had run out of money. The number of home loans given in 1976/77 was only 27,600 compared with the 102,000 given in 1975/76. In 1977/78 only £116m is to be available for English councils, compared with £234m spent in 1976/77. And in 1977/78, loans to cover the owner's share of improvement costs have been included in the cuts in council mortgages for the first time. Low income owner-occupiers will again suffer as they will not be able to afford improvements.



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3.20 The cumulative effect of these cuts in each part of the improvement programme is summed up by the situation in Newcastle. The City Council had an active municipalisation policy, but was forced by the cut back in money available for improvement and repair work to try and re-sell the houses it had acquired. However, the massive cut in the amount of money the council could lend in mortgages meant that low income families weren't able to afford to buy the houses. Even if they had been able to, they would probably not have been able to afford improvements to a reasonable standard - at least until July 1977 when the grant levels were increased for the first time in 3 years.

The overall effect of these cuts is that improvement of the country's older housing is now at a complete standstill.



Because of the cuts older city areas will have to wait longer for redevelopment.

3.21 The total number of houses improved and slums demolished in England has been cut from 280,000 a year between 1971 and 1976 to only 160,000 a year in 1976, a cut of 120,000 houses a year (DOE, Housing and Construction Statistics No. 20, Tables 28-34).

"This means that there are now 120,000 fewer houses being improved than there were in the period 1971 to 1976 when the overall condition of the housing stock was improving by 120,000 houses a year. This suggests that there is now no net improvement in the housing stock taking place. The number of houses declining into unfitness or major disrepair each year is now equal to the number of houses being improved and slums demolished." (Shelter 12.7.77).

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Council Housebuilding Cuts

3.22 In 1973 Council housebuilding was at a post-war low. The 1974 Labour Government's housing programme quickly outstripped that of the Tories, and in 1975 the number of new council houses started in Britain was up by 54 per cent on the 1973 figure. Housing Association starts expanded even faster than council building during this period.



But in July 1976 the Government imposed a month's freeze on all council housebuilding and reduced the programme from 9,000 to 6,000 new council houses started per month in England. Large cuts in council housebuilding were also made in Wales and Scotland. Controls were imposed by the Government on all new council housing schemes and land purchase in order to keep the level of housebuilding down to "about" 90,000 council house building approvals in England in 1977/78, with a similar number in the following year. In 1975 110,335 council houses were started. As part of these cuts, council housebuilding is now restricted to London and 41 "priority" or "stress" areas in England, with Wales and Scotland also having a quota. New council houses can be built outside these areas only if the "priority areas" fail to take up all of their quota.

what the cuts mean

3.23 The "priority area" approach has been strongly criticised. Each housing district in the country has a level of housing stress; therefore the classification into stress and non-stress areas is arbitrary and unreliable as a measure of housing need. For example, Coventry was not given priority status despite a waiting list of 6,000 and increasing homelessness in the City.



The construction of good public housing -like this new town development at Cwmbran, South Wales - is threatened by the cuts.

The controls have already produced a 33 per cent drop in starts in the first half of 1977 compared with the same period in 1976; it is now certain that council housebuilding will fall below even the modest level allowed for in the public expenditure plans. The Government is clearly responsible for this shortfall, because of delays in processing councils' bids for housebuilding allocations, because of cuts in staff, because of cuts in management and maintenance budgets, and because of the crisis atmosphere that has been engendered by government propaganda concerning the "economic necessity" for cutting public expenditure. Any expansion in council building programmes in the future will take time because of the damage which has been done by this combination of policies.

3.24 Even the "priority areas" have suffered massive cutbacks because of Government policy.

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* The effect of the freeze on building in Wales was an under-spending of 25 per cent on the budget for 1976/77 for new council housing.

* Newcastle's new building and acquisition programme is down 57 per cent in 1977/78.

* Leicester - together with a number of neighbouring local authorities - have cut their council housebuilding in half.

* Over 1,700 council houses were "lost" last year in Cardiff, Merthyr, Ogwr and Newport as a result of the July cuts.

* The postponement of building 555 houses in Islington from 1976-77 to 1977-78 will cost an extra £1m due to rising costs.

Conservative councils, which now control a substantial number of major cities, are using the cuts policy imposed by the Government (coupled with the absence of any pressure from Government to expand the council housing sector), to reduce substantially the long-term housing programme in their areas.

* In Nottingham nearly 5,000 families need to be rehoused over the next 4 years from clearance areas and because of medical priority or homelessness. But the Tory council has decided to cut the council housebuilding programme from 2,526 in 1977/78 to a ludicrous 30 in 1980/81.

* Since the Conservatives gained control of the Greater London Council, they have cut the building programme in half from 6,000 to 3,000 homes and have ended all building in the outer boroughs - described by GLC housing spokesmen as an attempt to end the "political colonisation" of the outer boroughs.

Sub-Standard Homes

3.25 Not only are fewer council houses being built but many of these are being built to lower standards. Sheffield is building 500 houses at 20 per cent below the required standard and Sefton (Liverpool) is building 200 substandard council houses. Several other councils are currently pressing the Government to allow

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the Building Societies in order that they could release more funds for mortgages; the loan was given without any conditions attached as to the kind of people to which the extra mortgages should be given, or the kind of homes to which mortgage priority should be given.



Public money is being used to prop up the private housing market.

3.29 And whilst all expenditure on building and improving housing has been cut, tax relief for owner-occupiers on their mortgages has escaped unscathed. This tax relief now accounts for over 29 per cent of housing expenditure and is disproportionately benefitting the richest households, because the bigger the mortgage and the higher the buyer's salary, the larger the tax concessions given. Despite Labour Party and TUC demands for changes in this inequitable system, the Housing Policy Green Paper rejects all proposed changes in tax relief for owner-occupiers.

3.30 The Green Paper contains many proposals for increasing the supply of mortgages for both new and older houses, and the Housing Minister has said that these policies are expected to boost the private housebuilding industry. But because private house builders will only build houses when they can make a profit, the number of houses constructed for owner occupation in anyone year is related to

what the cuts mean

market factors and not to housing need. These factors include the availability of finance for building and for mortgages, the price and supply of land, and changes in the income of potential buyers in relation to changes in building and land costs.

3.31 Thus in 1972/73, at the time of booming house sales and massive speculative profits on land, the number of private houses started went up. But in 1974 when the property boom collapsed and profits on private house building were severely reduced, the number of starts dropped by 50 per cent. After a recovery in 1975 and 1976, the number of houses started in the first 6 months of 1977 was 23 per cent down on the same period in 1976.

"Despite appearances, house building is only partially the business of putting up houses. The houses are the socially acceptable side of making profits out of land appreciation". 'Investors Chronicle', 1974.

3.32 In some areas, the private sector is directly benefitting from the consequences of the cuts. In Leeds, for example, 308 acres earmarked for council housing are being sold to private builders; this was justified by the council on the grounds that selling the land would save ratepayers £300,000 a year - compared, of course, with gaining an asset of several thousand new council houses.

The Effects of Housing Cuts on Jobs

3.33 The cuts in council housebuilding, improvement, repairs and maintenance work mean less work for building workers, caretakers, architects, technicians, clerks of works and housing department staff. Redundancies have either been made, or are threatened, in an increasing number of areas. Nationally there are over 200,000 building workers unemployed and the Union of Construction Allied Trades and Technicians forecast that 300,000 men will be out of work by mid 1978. This forecast is based on an anticipated 5 per cent fall (from 1976 figures) in construction during 1977 followed by a further 4 per cent in 1978, before taking account of the Chancellor's October 1977 economic package. Worst hit will be building in the public sector, including housing, but the effects on jobs will be primarily in the private sector. In areas of high unemployment like Tyne and Wear 21 per cent of all unemployed men are building workers - over 8,300 men.

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3.34 Direct works have been particularly hard hit, not only because of the decrease in public building, but also by attacks from private builders. With orders down in the private sector, the private builders led by the National Federation of Building Trades Employers and the Federation of Civil Engineering Contractors have been trying to increase their share of public sector construction by campaigning against the existence and expansion of Direct Works Departments.

* They have been successful in forcing the Labour Government to drop legislation which would have allowed Direct Works Departments to carry out new construction work for neighbouring councils, housing associations or new town Development Corporations and to maintain and improve privately owned dwellings in Housing Action areas. The opponents of Direct Works have also won the support of many local councils.

* The Greater London Council's stock of houses is now maintained by 3,900 operatives compared with over 6,000 a few years ago (the stock of houses has decreased slightly) and the council claims this reduction reflects a 45 per cent increase in efficiency and is not the result of cuts in staffing.

* In the North-East, Chester-le-Street District Council plans to halve its direct labour force, by phasing out 120 jobs; Northumberland County Council has completed a programme of redundancies, and nearly 400 jobs in Direct Works are under threat in South Tyneside.

3.35 Even relatively small cuts in the maintenance programme have serious implications for jobs. For example, many councils have stopped decorating re-lets, which directly threaten painters' and decorators' jobs. And the massive backlog in repairs in many areas, combined with policies that lead to the botching of repairs, only cause conflict between tenants and building workers. It is not only building workers' jobs that are threatened by the housing cuts. The Greater London Council has announced that 1,300 white collar jobs are to be "phased out" by March 1978. 500 of these jobs will be lost in the housing department following the cancellation of housebuilding programmes. Ironically, but not surprisingly, some staff now dealing with council housebuilding will be switched to deal with the sale of council housing. The Labour Government's cuts

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have produced a situation in which Tory councils such as the GLC, committed to reducing the public housing sector, are able to also cut back on public sector jobs.

3.36 The overall effect of the cuts in house building and spending on housing is to reduce the housing opportunities for working people.

There is now less opportunity for getting out of overcrowded, insanitary living conditions; less opportunity for getting out of a slum in a demolition area; less opportunity for getting off the waiting list into a council house; less opportunity for the homeless to move out of bed and breakfast and hostel accommodation; less opportunity for transferring to different council accommodation; less opportunity for councils to take over the houses of private landlords for improvements and repairs; less opportunity for families to buy older housing; less opportunity for owners to carry out house improvements with grants; and less opportunity for getting council loans and mortgages.



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4.1 Over the past three years, there have been a number of substantial shifts in housing policy which are of importance to trade unionists. These shifts in policy, which have also been used to implement and justify the cuts in public spending, represent a further decline in the Labour Government's commitment to council housing.

4.2 The Government's policy has created new forms of tenure as a "ladder" to owner-occupation; housing associations have been encouraged, and provide accommodation at very high rents; publicly-owned land is sold off to private developers; and the government has changed its policy on the sale of council houses. It is now giving some encouragement to local authorities who are selling council houses. The combination of these new policies, together with the consequent restricted role proposed for council housing, is of serious concern to trade unionists.

4.3 If these new policies are carried through and are endorsed in a future Government White Paper, the certainty is that workers will have to spend a higher proportion of their incomes on housing. A further increase in the proportion of owner-occupation will mean that the housing market will be dominated completely by the principle of the ability to pay. Council housing will be relegated under these policies to a residual role to deal with the housing problems of the low-paid, the unemployed, the disabled and the old. We will now examine these shifts in housing policy and the implications for working people of expanding the private housing market.

DODGING THE MAIN ISSUES

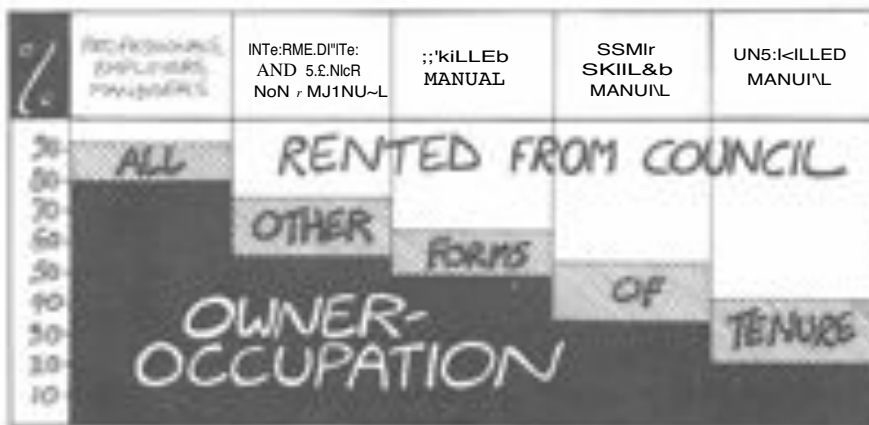
4.4 The shifts in housing policy have not dealt with the fundamental problems facing the housing and construction industries. There have been few attempts to build cheaper, better houses more quickly by improving the productivity of the housebuilding industry (which has tended to lag behind that of manufacturing

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industry) or by eliminating the profits made by landowners, money lenders, builders and estate agents. The industrialised building systems promoted in the 1950's and 1960's resulted in housing which was generally not only more expensive to build and maintain but also often badly designed and unpopular with tenants. Similarly, the Land Commission (disbanded by the Conservatives in 1970) and the Community Land Act, together with the Development Land Tax, are limited measures which will not eliminate profits from land speculation and which benefit private rather than public housing (see "Lie of the Land: Land Nationalisation Betrayed", 1976).

4.5 Instead of tackling the fundamental problems in the production of housing, policies are devised to offset the relatively high cost of housing to individuals by providing different kinds of subsidies, grants, tax relief and new forms of tenure. As a higher percentage of the middle classes have become home owners, the new "growth area" for owner-occupancy has become sections of the working class. (See chart below). But since many working people cannot afford the high initial costs of ownership, new forms of tenure have been introduced in an attempt to reduce these costs by part owning and part renting, sharing ownership with a group of people and/or selling council houses at below market values. These measures create new areas of growth for the private market.

4.6 The conflict between the cost of housing and wages is inherent in the capitalist system. The system ensures that as wages increase, market forces push up the cost of housing.



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Working people have to meet such increasing housing costs from their wage packets. It is therefore clear that trade unionists have to concentrate on a combination of industrial pressure to raise their real wages, and political action to win a housing policy that will prevent these economic gains from being eroded and which at the same time will improve the quality of housing.

4.7 But the shifts in housing policy that are now taking place are not geared towards meeting these legitimate demands. The shifts in policy mean that workers will have to pay higher housing costs and that housing will increasingly be provided and allocated according to market forces. Furthermore, the Government claims that the expansion of the private housing market is necessary to support its economic strategy by increasing the mobility of labour. Local authorities, particularly those in areas of high unemployment, have been asked to consider limiting their council housebuilding programme if employment prospects appear better in other parts of the country. The policy of ensuring that "the housing market is sufficiently flexible to respond to the needs of the industry" (Scottish Housing Green Paper, Cmnd. 6852) is being pursued instead of a comprehensive programme of bringing jobs and publicly controlled investment to areas of high unemployment, combined with a programme to improve and expand council housing.

4.8 The first major shift in housing policy has been to place increasing reliance on the private market as a method of solving the housing problem. We can see this by examining the changing pattern of renting and owning. The consistent failure of the private housing market to provide sufficient decent housing, at a cost which workers could afford to pay, led to the intervention by the state in two ways. Firstly, in 1915, following many years of working class action against slum conditions, overcrowding, and exploitation by private landlords and declining investment in housing, the government imposed rent control on private rented accommodation. Secondly, four years later, the government started the first national programme of building publicly owned housing.

Since then, private rented accommodation has declined from 90 per cent to 16 per cent of all dwellings in Britain in 1976. Parallel to this decline, there has been the growth of council housing and owner-occupation (31 per cent and 53 per cent of dwellings respectively in 1976) into the two main forms of tenure. There are,

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however, strong national and regional differences, e.g., council housing is prominent in Scotland (54 per cent) and North East England (42 per cent), whereas owner-occupation is more widespread in Wales (57 per cent). This has not been an even growth. Different Governments have favoured one or other form of tenure. Labour Governments in 1924 and 1945 started to build council housing for general needs, while the Conservative expanded owner-occupation and, except for a brief period between 1951-55, minimised the role of council housing.

4.9 The Labour Movement played a key role in getting the first national council housing programme started in 1919. Although the programme was cut back after only two years, it was given new impetus under the first Labour Government in 1924 which built good quality council housing for general needs. Later in the 1930's under the Tory dominated National Government, council housing was confined to replacing slums which had been cleared while there was a massive expansion in owner occupation and a rapid growth of building societies. After the war, Labour returned to power with a commitment to build nearly 1,4million council houses a year and impose tight controls over private building in order to divert resources into public housing. However, the programme was cut back following the financial crisis of 1947 and Labour's failure to achieve their housing target was a key factor in the Conservatives' return to power in 1951. Although the new Conservative Government expanded council house building in the early 1950's, it then slashed subsidies and standards and there was a second boom in owner-occupation. By 1965 about 40 per cent of all dwellings were owner-occupied. Not only had a significant proportion of voters become owner-occupiers but the ideology of the "property owning democracy" was used by those with a vested interest in expanding owner-occupation in order to advance their economic interests. There was then a major shift in Labour's policy on returning to power in 1964. A greatly expanded house building programme was promised and on this occasion there was to be a "50-50 per cent split" between building council housing and owner-occupation. The White Paper "The Housing Programme 1965-70" gave clear evidence of the decline in Labour's ideological commitment to council housing. It stated: "Once this country has overcome its huge problem of slumdom and obsolescence and meet the need of the great cities for homes to let at moderate rents, the programme of sub-

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sidised council housing should decrease. The expansion of the public programme now proposed is to meet exceptional needs. It is born partly of short-term necessity, partly of the conditions inherent in modern urban life. The expansion of building for owner occupation, however, is normal: it reflects a long term social advance which should gradually pervade every region."

4.10 This change in Labour's policy was not simply political expediency based on the increasing number of voters who were home owners, but also a result of adopting a pragmatic approach to achieving their target of half a million new houses a year. Expanding owner-occupation would help to achieve this target and it was also cheaper for the Government in the short term to encourage private investment in housing. A few years later, in 1968, in an attempt to encourage those on low incomes to become home owners, the Government introduced the option mortgage scheme which assisted some families who were unable to benefit fully from mortgage tax relief, to receive equivalent aid. This major shift in policy resulted in the continued expansion of private housing and, except in 1968, more private houses than council houses were built between 1964-70. Council house building was expanded, reaching a peak of just over 200,000 in 1968, but in the same year it was cut back following the financial crisis. Cost controls were introduced and greater emphasis given to improvement rather than clearance of areas of older housing.

4.11 The early 1970's saw the Conservative Government launch a major attack on council housing. The Housing Finance Act forced up rents and cut back subsidies. A big council house sales campaign (103,788 sold in 1972 and 1973) was mounted at the same time as council house building was forced down to its lowest level since 1947 (local authorities and new towns in Britain built only 96,638 dwellings in 1973). Parallel to this went the property boom which sent house and land prices spiralling and also pushed up the cost of building council housing. Property speculation was rife in many older housing areas, due to the improvement grant free-for-all and the boom in inner city office development. Council waiting lists and homelessness increased rapidly.

4.12 Then in 1973 the Conservatives proposed "widening the range of choice" in housing by asking local authorities to build for sale, to release more land for private development and to sell more council

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houses. Exactly a year later, and only a month after taking office, the Labour Government increased the council house building programme but also encouraged local authorities to build for sale, give or lease houses to housing co-operatives and agreed that council houses could be sold to achieve "a better housing balance" where there was no shortage of rented accommodation. (Local Authority Housing Programmes: Circular 70/74). The Conservative White Paper and Labour's circular, while differing in emphasis, were proposing very similar policies.

4.13 Later, the Housing Rents and Subsidies Act 1975 scrapped the "fair rents" system and allowed local authorities to set "reasonable" rents. However this was an interim measure pending more comprehensive changes. The scene was set for another shift in Labour Government policy and a further decline in its commitment to council housing.

4.14 Since the early 1970's the Labour, Conservative and Liberal parties and the housing lobby (consisting of organisations such as the Building Societies Association and the House Builders Federation) have been increasingly concerned about the "need" for more choice



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in housing and the problems of first time buyers. This was given new impetus when Reg Freeson, Minister of Housing, set up the Working Party on Housing Co-operatives and later the Working Group on New Forms of Social Ownership and Tenure. The Working Party, reporting in April 1975, recommended that local authorities and housing associations should encourage the formation of tenants co-operatives, favoured co-ownership schemes and called for the setting up of a Co-operative Housing Agency linked to the Housing Corporation to undertake this work.



An example of the increasing use of public money with assistance from councils to expand home ownership.

4.15 The unpublished report of the Working Group on New Forms of Social Ownership and Tenure recommended that local authorities and housing associations should proceed to set up equity sharing schemes as pioneered by Birmingham's Labour Council and since taken up by many other local authorities. The report concluded "that although it is difficult to assess overall demand, equity-sharing schemes either on a straightforward half and half basis, or as a variant, extending through 75 per cent to full ownership, should be encour-

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aged as a stepping stone to owner occupation". The findings of the Working Group were incorporated in the housing finance review, later extended to cover social aspects of housing policy, set up by Anthony Crosland in 1975 and eventually culminating in the Housing Policy Green Paper published in July 1977. A similar review was carried out in Scotland and published at the same time. To help undertake this review a Housing "Policy Review" Advisory Group, consisting of councillors, local government officials, and academics and building society officials was set up. This review gave the private housing lobby the opportunity to submit evidence and initiate propaganda centering round the alleged "failure" and limitations of council housing while extolling the virtues of owner-occupation.

4.16 The Housing Policy Green Paper is an important political document, for it represents the virtual merging of Labour and Conservative housing policies. For a Labour Government's major review of housing policy to be greeted by the following statement from the Conservative front bench in Parliament shows clearly the degree of consensus now reached:

"A half of it is a package which abandons the more doctrinal obsessions of the left wing of the Labour Party - and the other half embodies the policies of the Conservative Party as set out in 'The Right Approach' " (Conservative cheers). Michael Heseltine, Chief Opposition spokesman on the Environment, Parliament, 27 June 1977 (Hansard).

4.17 The Green Paper claims that "for most people owning one's own home is a basic and natural desire". The proposals are centred around giving further help to first time buyers through savings and bonus schemes, including mortgage grants and "save as you rent" schemes; and, for those who can't buy outright, further "inter-mediate" forms of tenure are proposed.

These intermediate forms of tenure will include a further expansion of local authority and housing association build-for-sale, the encouragement of co-ownership schemes, "a sensibly regulated programme of sales of public sector rented houses", and an expansion of equity sharing.

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4.18 Although the Green Paper deals with council housing and makes recommendations about tenancy agreements, a tenants charter and security of tenure (promised in the Labour Party's February 1974 Manifesto) it is clear that council housing is seen as being of secondary importance. Reductions in council housing standards are being considered and rents are to rise in line with increases in money incomes. With both Labour and Conservatives committed to increasing home ownership, and with the continued expansion of housing associations, council housing will be limited to providing a welfare role for the poor who can't afford to buy all or part of a house.

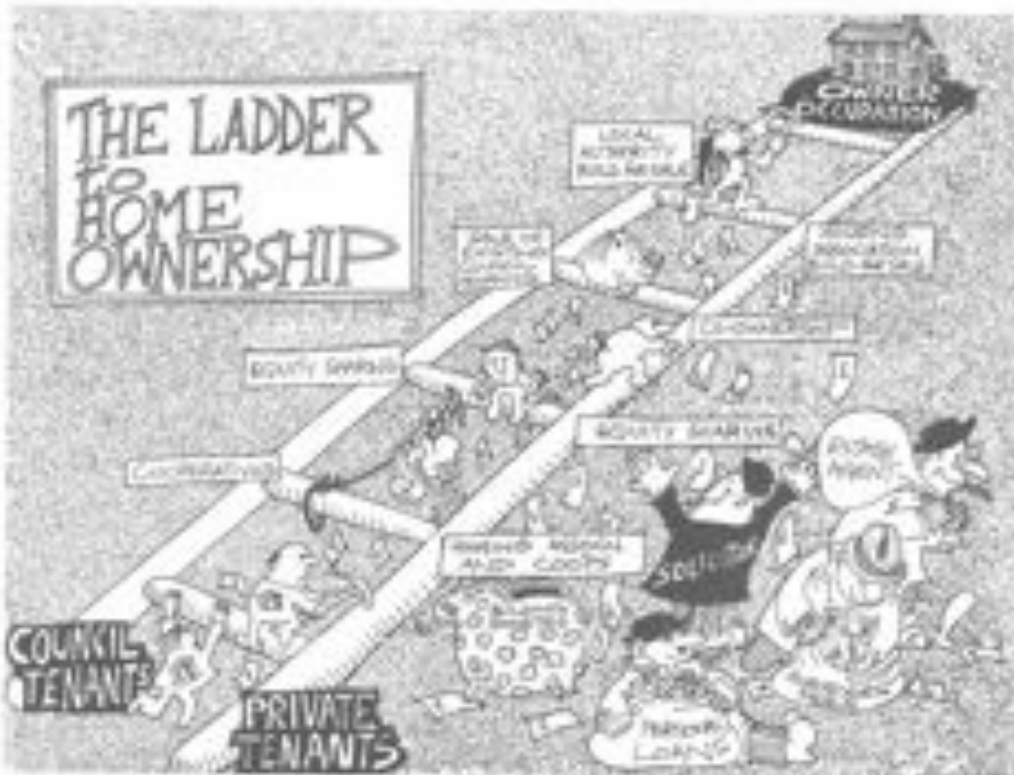
4.19 Some proposals in the Green Paper such as a new system of subsidies and new cost controls on council housebuilding, will require legislation. Other proposals, such as the Housing Investment Plans (councils have to prepare a comprehensive assessment of local housing needs and their plans for new building, improvement work, etc; the Government will then allocate a fixed spending allocation annually to each council), and the general extension of owner-occupation are already being implemented. The main proposal in the Green Paper, however, concerns the expansion of owner-occupation. We will now examine the Government's plans for achieving this objective and the serious consequences that will result for working people.

4.20 The new forms of tenure proposed in the Green Paper complete what were missing or weak "rungs" in the ladder to home ownership. In support of this progress to owner-occupation, the Government is to give cash grants and loans to induce people to enter owner-occupation and ease the burden of mortgage payments in the early years. It is claimed that these new forms of tenure are needed to "widen access to housing", and to save public money. They are also advocated as being necessary to stop the drift of young skilled workers away from cities like Glasgow and Liverpool, when in fact the real cause of migration is lack of job opportunities.

More choice and better access could be achieved by increasing council housebuilding, reducing waiting lists, extending council housing to more households, e.g., young single people, improving transfers from one property to another, and improving the management of estates.

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4.21 If there was a commitment to expand and improve council housing, these new forms of tenure would be unnecessary. They only exist because the Government wants to expand home ownership and because many working people, including thousands of NUPE members, cannot afford full owner occupation. These new forms of tenure can only be introduced and expanded at the expense of council housing, because all the "rungs" in the ladder use public money; the same money that could be used to build more council houses and improve existing council accommodation. Several of the "rungs" in the ladder also depend on local authorities using their staff and other resources to support build-for-sale programmes and the sale of land and council housing stock. The ladder to home ownership which we describe also ensures the continued expansion of housing associations and the Housing Corporation. (In 1970, housing associations accounted for only 7 per cent of new public sector starts, but by the first half of 1977 they accounted for 25 per cent of such starts.).



A clear choice has been made by the Government to channel public money away from council housing and into housing associations

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which, as they become larger (some now cover a multiplicity of local authorities), become more difficult to exercise public control over. In short, we believe that the policies supporting the ladder to home ownership are a complex but clearly identifiable method of expanding the size of the private housing market.

4.22 One of the key reasons why many people favour home ownership is to obtain more control over their home, e.g., greater freedom to do alterations and to move to another house. As people climb the housing ladder that we have described, control and responsibility for the individual home increases as a consequence of the way in which housing policies are designed and the vested interests behind them. But, we believe there is no fundamental reason inherent in council housing which prevents council tenants from enjoying substantially the same degree of freedom over their homes and being able to move to a new location if they want to.

4.23 We do not accept that the personal ownership of housing is the inevitable best option for working people. In fact in the 1920's council housing was regarded by many as the ideal method of providing high standard housing. Many of the council houses built at that time are still very popular with tenants. The advantages of owner occupation are seen to exist only because they can be compared with the present disadvantages of much council housing.

4.24 We believe that the expansion of the private housing market will mean that:

1. Workers will spend a much higher proportion of their incomes on housing;
2. Council housing will become housing only for the poor, with serious consequences for tenants;
3. An increasing amount of public money will be spent on private housing at the expense of council housing;
4. Councils will increasingly subsidise the profits of private developers and estate agents;
5. There will be increased profits for financiers, builders and solicitors, and;

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6. There will be fewer jobs in local authorities.

4.25 We believe that these major factors deserve detailed consideration in the light of the proposals embodied in the Housing Green Paper. As a family climbs or is pushed up the ladder towards home ownership their housing costs generally increase at each stage. Below, we examine the differences in council rents, housing association rents, the cost of renting half and buying the other half of a house (equity-sharing) and buying a house through build-for-sale schemes and the sale of council houses.

Housing association rents are "fair rents" registered by the rent officer (as are about 70 per cent of rents for private rented accommodation). An unpublished report by the Housing Corporation, based on a survey of rents registered for new build schemes in 1975 by the National Federation of Housing Associations, discovered that in most regions, "fair rents" were at least twice as high as the rents for comparable council dwellings. Comparing average registered fair rents of housing association schemes with average council rents in England and Wales reveals the following:

	Average Hsg Assn. Rent	Av. Council Rent	% Difference
1 bedroom flat	£ 8.77	£ 5.00	+ 75%
2 " flat	£10.16	£ 5.76	+ 78%
2 " house	£11.28	£ 7.89	+ 50%
3 " house (4 persons)	£ 9.75	£ 7.20	+ 35%
(5 persons)	£10.73	£ 6.56	+ 64%

(based on returns in 1975 - Source "Roof", October 1976)

4.26 Even though housing association fair rents usually remain the same for 3 years after registration while council rents have been rising, there is still a large difference in rents. Rents in Co-operatives linked to housing associations are also "fair rents" while co-ops in council housing will normally have the same rents as other council houses.

However, rents in co-operatives can be reduced by members undertaking management and maintenance work themselves.

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Equity-sharing attempts to reduce the initial costs of entering owner occupation. The occupier pays a share of the council rent for the house and the mortgage on the remaining half. The occupier can later acquire full ownership at half the current market value of the house.

For example, the first houses available in Birmingham's equity sharing scheme cost £11,300, which in December 1975 resulted in weekly payments of about £11.50 after taking into account tax relief but excluding rates and repair and maintenance costs, which the occupier has to pay. However, by May 1977, the cost of the houses had increased to between £14,000 - £15,000 (resulting in an equivalent weekly cost of about £15.00) and only 16 out of 174 built on inner city sites had been sold.

4.27 In co-ownership schemes a mortgage is held jointly by a co-operative housing society of which all the tenants are members and the rent covers a share of the mortgage and management and maintenance costs. Tenants or co-owners can benefit when they leave from a share of the increased market value of the property. Rents are much higher than council rents; for example, a rent in a 2 bedroom flat in a London co-ownership scheme could be nearly £30 per week exclusive of rates.

4.28 Buying a house through a build-for-sale scheme and buying a council house is basically the same as purchasing a house on the private market. The sale of council houses together with discounts of up to 30 per cent, depending on how long the tenant has lived there, is an attempt to get people into owner occupation by keeping weekly mortgage payments down as a result of selling houses at relatively low cost. But this results in the older, better houses being sold resulting in higher rents, longer waiting and transfer lists, and a loss of jobs in direct works departments. Build-for-sale schemes usually have marginally lower sale prices than comparable houses but this is often because of the costs borne by the ratepayers.

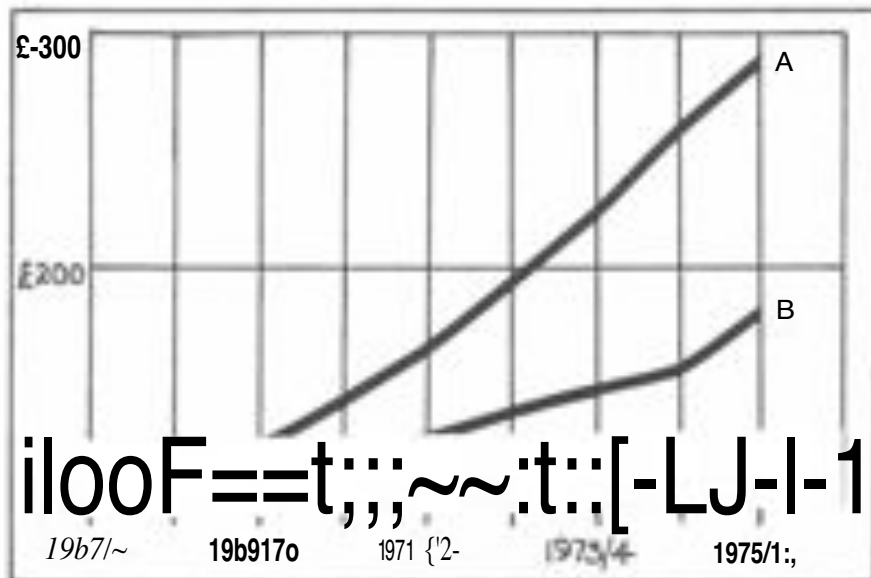
4.29 Of course, the mortgage costs to the owner occupier are fixed when the mortgage is taken out and will alter only as a result of changes in interest rates. If incomes rise in money terms and interest rates do not increase, then the burden of payments reduces in real terms over the years. This is offset, however, by owners "trading up" to larger and/or higher priced houses and incurring further

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transaction costs. Owners can make a real capital gain if they purchase a much smaller or cheaper house.

To get into owner occupation also means having enough money for a deposit because building societies normally require at least 5-10 per cent of the purchase price as a deposit, although local authorities often give 100 per cent mortgages. On top of this there are the transaction costs, e.g., valuation and survey fees, solicitor's fees, etc., which on an £8,000 house can easily exceed £350.

The graph below shows quite clearly that the owner occupier has on average much higher housing costs than the council tenant (and this is after taking into account mortgage tax relief and subsidies).



A. AVERAGE FOR ALL OWNER OCCUPIERS includes mortgage interest charges after tax relief and option mortgages, subsidy, repairs, insurance and transaction costs. EXCLUDES deposits and repayment of principal.

B. AVERAGE FOR ALL COUNCIL TENANTS includes rents, costs of upkeep not included in rent, and rent rebates.

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4.30 Taking the average costs of owner occupation of course hides the much higher costs of someone still paying for their house and the lower costs of the 40 per cent of occupiers who own their houses outright (although their costs, repairs, maintenance, insurance were in 1975/76 still over half the costs encountered by council tenants.) It is important to note that the gap between the average cost of renting a council house and the average costs of owner occupation is increasing. Until 1970/71 annual home owners costs were, on average, 15 per cent higher. But two years later the gap had risen to 30 per cent and by 1974/75 it had reached 60 per cent.

4.31 However, the Green Paper proposes that council rents should increase regularly to "keep broadly in line with changes in money incomes". The new subsidy system proposed for council housing will mean that the government and local authorities will decide each year what proportion of increased costs will be met by subsidies, rents and contributions from the rates. It will be up to each council to decide whether to increase rents and/or rates. Since Conservative councils traditionally minimise contributions from the rates the Labour Government is providing a future Conservative Government and Conservative controlled councils with a ready made vehicle for increasing rents.

4.32 As the proportion of owner occupation and other related forms of tenure increase, council housing will increasingly be forced into the role of providing a safety net for the low paid, the sick, unemployed workers, and pensioners. The greater the increase in owner occupation, the greater the social pressures and propaganda will become, so that anyone who can afford ownership of any kind will be strongly encouraged to do so to release accommodation for this modern version of the "deserving poor". We can see that this process has already begun. The proportion of households in council housing, where the head of the household cannot work (e.g., retired, long-term unemployed or sick) has increased from 25 per cent to 35 per cent between 1968-75 (England and Wales). This is only partly due to the increasing number of heads of households in the population as a whole who have retired; and the number of households in council housing receiving Supplementary Benefit who were women with dependent children nearly trebled between 1967-75. These facts are reflected in the official comment that: "In the very broadest terms, local authorities have been taking over from private landlords the housing of the poor". (Housing Policy,

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Technical Volume Part 3, 1977).

4.33 These developments will be made worse by the continuing sale of council houses. Sales to date have been to individuals; however, the Scottish Green Paper suggests that local authorities (and housing associations) could encourage co-ownership by selling improved tenement property to co-ownership societies "as an alternative to sale for full owner occupation". If this precedent is established it could lead to the sale of entire council estates (the better smaller ones) to co-ops and co-ownership schemes. The Green Paper anticipates that the "range of households provided for (in council housing) will grow as serious housing problems are overcome". This does not mean, however, that local authorities will be increasing their house building programmes to meet these needs, nor does it mean increasing the range of income groups in council housing. In reality, councils will offer existing unlettable properties such as those in high rise and deck access blocks and older walk-up flats to childless couples, single people and students.

4.34 The expansion of the private sector will mean that an increasing amount of public money will be used to finance its growth. This will happen in two ways:

* Mortgage tax relief will continue to expand as owner occupation increases.

* Public money will be used to finance build-for-sale and equity-sharing schemes, through local authorities and the Housing Corporation.

Tax relief is not actual public expenditure but constitutes, in effect, taxes not collected. As it increases, it means either increasing other forms of taxation or introducing offsetting cuts in public spending. Tax relief increased by an average of 14 per cent per annum in the 5 years up to 1975/76 even after allowing for inflation. If it continues to grow at this rate, which seems likely, "then the cost of tax relief in 1979/80 would be some £1,495 million, 37 per cent of planned housing expenditure". ("Who Benefits", Clark, 1977).

4.35 The Government consider that subsidies to owner occupiers are "vital to the growth of home ownership" and although they are growing at a faster rate than those to council housing they are to be

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allowed to continue growing without any apparent control. On the other hand, subsidies to council housing are to be made more selective through a new subsidy system, and through controls imposed by the Housing Investment Plans.

4.36 Local authorities are subsidising private housebuilding to an increasing extent. Usually the market value of land which a local authority sells to a builder or housing association does not reflect the full cost of acquisition, demolition, compensation and the interest payments on the money borrowed to finance this work. For example, there is a £2.7 million difference in the costs incurred by Nottingham Council in acquiring and clearing a 19.4 acre site in Radford East and the market value of the site. The same council has incurred a net loss of an estimated £654,300 in selling 177 houses in two developments in Nethergate and Wilford Village which were originally built as council houses. About £133,200 in government subsidies have also been used on the same schemes.

4.37 The sale of council houses can result in a substantial loss of money for a local authority. For example, it has been estimated that if Leeds succeeds in its current campaign to sell 5,000 council houses it will lose £8 million (1976 prices) in the longer term, despite short-term gains (Roof May 1977). Epping Forest Council has recently started a council house sales drive which includes giving council staff a £50 bonus for each house they sell; a staff training scheme; a fixed 11 per cent mortgage interest rate for tenants in the first five years; and the council shouldering all tenants' legal costs unless they employ their own solicitor. This not only results in public money being used to expand owner occupation but also means taking staff away from other housing duties.

4.38 We are constantly told that the debt incurred by "unproductive" investment in council housing is much too large; while little mention is made about the ever increasing debt incurred by owner occupation. The total debt relating to owner occupied housing (total money owed in outstanding mortgages) was £25,839 million at 31st March 1976. This is 45 per cent more than the total amount of bank advances to industrial and commercial companies at the same time. The outstanding debt of council housing was much lower - £17,430 million at the same date (Tables D1 and D2, Housing Policy Technical Volume Part 1).

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We now want to examine other ways in which councils support the private housing market.

4.39 Local authorities will increasingly assist private developers and the general operation of the private sector housing market, by:

- * taking on more and more work which developers consider to be "unprofitable";
- * providing guarantees and taking the risk element out of expanding private housing;
- * providing the private housing market with land and services for new housing.

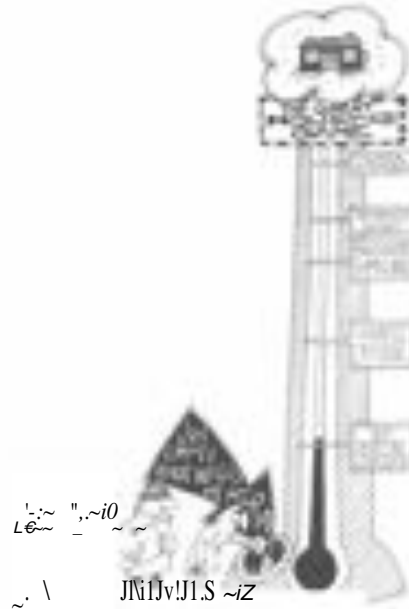
Taking on the "unprofitable" housing developments, such as difficult and therefore more expensive sites, and those near industry, is nothing new to local authorities; but in the past this has usually resulted in council housing being constructed on such sites. Most private housing is built on "green field" sites with services provided by the local authority. However, councils are increasingly offering to sell or lease sites in inner city areas which they have acquired and cleared, to builders and developers for either council sponsored build-for-sale schemes or speculative private housing. If the developers don't want to build, then the council usually offers these sites to housing associations, and only as a last resort will they consider building new council housing.

4.40 The council also helps to take the risk element out of expanding private housing. For example, the Housing Corporation makes "arrangements which provide for the local authority to take over any homes that are not sold within a reasonable period". (Housing Corporation Annual Report 1976/77). Local authorities already give home loans to lower-income earners and for older property which building societies consider too much of a "risk". The Green Paper proposes that local authorities should give guarantees to improve the security of building society loans on older property.

4.41 Some councils already run savings schemes for young married couples to help them secure enough finance to start home ownership, and other proposals in the Green Paper, e.g., "save as you rent"

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schemes, will increase the councils' role in helping to finance owner occupation. Although home loans have been cut back sharply, councils can, under the Housing (Financial Provisions) Act 1958, give an unlimited number of mortgages for the sale of council houses and equity-sharing schemes because no capital changes hands. Consequently, these schemes have not been affected by the cuts in home loans.



4.42 However, the local authority would have to payout money when the houses were resold to enable the owners to buy other houses, assuming that the new owner of the "council" house could not get a building society mortgage. This would therefore come under the home loans quota and be counted as public spending. Local authorities, having sold a large number of council houses, may well end up using an increasing proportion of their home loans refinancing the sale, at ever increasing prices, of what used to be council houses. The Community Land Act is not being used to aid council housing but to give builders and adequate supply of land for private housing and to give a "further element of stability" (Housing Policy Green Paper) to the building industry.

And though expenditure under the CLA has been cut back it is planned to increase threefold between this year and 1979/80 to £102 million (net of receipts from land sold).

4.43 While local authorities have aided and abetted developers in

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commercial and industrial schemes with tangible public benefits, they are now concentrating equal resources on supporting the private housing market. This is being done using public money but also using the council's staff in the housing, planning, legal, finance, surveyors and valuers departments who are spending an increasing proportion of their time creating the opportunities and conditions for private profit. This means fewer staff employed on other housing duties because of the strict cash limits and restrictions on local authorities employing more staff to fill existing vacancies. This process is also taking place at national level; for example, a Scottish advisory body on home ownership is to be established with private builders, building societies and local authorities, to plan the expansion of private housing "without dislocation of the market".

4.44 The expansion of housing associations and other forms of tenure is providing financiers with new and safer opportunities for profitable investment. Following the cuts of £57 million grants to housing associations in July 1976, the Housing Corporation received Treasury approval to borrow up to £50 million direct from the City and set up a finance company to do so. The Housing Corporation subsequently signed an agreement with merchant bankers Morgan Grenfell, to borrow £35 million from a syndicate of banks at 1% per cent above the London interbank rate. Negotiations for the remaining £15 million are under way. Government grants to housing associations will payoff between 75-85 per cent of the money borrowed, making it a guaranteed and safe investment. Unlike investment in private rented accommodation, investment in housing associations provides a guaranteed return regardless of the particular rent policies adopted by different governments. The City already profits from financing council housing but it can be expected that secured investments to expand housing associations will be look on even more favourably as they are clearly a step towards expanding the private housing market. Despite the myths perpetuated by the societies themselves, the building societies are not simply financial institutions for the small saver. At least one third of all building society shares and deposits are of £5,000 or more and large amounts of this money belong to investors with substantial holdings of other financial assets. And the cash deposited in building society holdings of £5,000 or more nearly doubled between 1970 and 1974.

This process is likely to continue because, as the House Builders' Federation evidence to the Housing Policy Review pointed out, "if sufficient funds are to become available for the finance of home

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It is not simply a question of numbers of jobs, but also the kind of work undertaken and its social usefulness. The continued expansion of private housing and the implementation of the Green Paper proposals will mean public employees assisting private gain on a much greater scale, and the sale of public assets which the Labour movement has fought for.

4.49 In this section we have identified the changing nature of housing policy in Britain. But no one who has examined the facts can believe that the economic arguments marshalled to support the expansion of the private sector are the only arguments that cut ice with the financial institutions and the policy-makers. Norman Grigg, the ex Secretary General of the Building Societies Association, made this clear in May 1976, when he said:

"The point where more than half the houses in the country had become owner-occupied was a significant milestone because even a small stake in the country does affect political attitudes. The greater the proportion of owner-occupation, the less likely were extreme measures to prevail".

4.50 The new forms of tenure which constitute rungs on the ladder to home ownership are likely to be used by any future Conservative Government as a method of reducing the importance of the council housing sector still further. Conservative-controlled local authorities are already carrying out this policy, as in Nottingham; and they are able to argue that their total housing strategy is simply carrying to its logical conclusion policies initiated and developed by a Labour Government.

4.51 The ladder to owner-occupation is not stable. Increases in house prices and interest rates reflecting the wider crisis of the capitalist economy will undermine the ability of working people to "buy in" to the private housing market; and it is therefore certain that there will be further attempts to use public money to prop up the ladder, possibly through the introduction of further variations in tenure. This objective situation increases the need for the Labour Movement as a whole to develop a housing policy which reasserts the crucial importance of council housing.

5 conclusion

5.1 This report has shown that the housing needs of working people are not being met by the government's present policies. Cuts in public expenditure on housing, just as dramatic in their effects as in other areas, are reducing the numbers of council houses under construction and wrecking the improvement policies introduced to rehabilitate older areas. New forms of tenure are being introduced, which will raise the cost of housing to working people and eventually lead to council housing becoming housing for the very poor alone, with serious consequences for tenants.

5.2 Over the next few years - if present policies are continued and as council house building declines - waiting lists will grow even longer and people will have to spend longer in clearance areas waiting for rehousing to take place, and opportunities for transfers will decline. The council housing which is built will be of poorer quality as standards are cut, and there will be less money for facilities on estates. Council tenants will face steadily increasing rents; and there will be a shortage of money available for repairs and maintenance and for modernisation work and remedying building and design faults.

5.3 For many families the way forward to decent council housing will be blocked, but the cuts in money for improvement grants and municipalisation will mean a decline in standards in their present homes. A major backlog of slum clearance will build up. Pressure will be put on tenants, private and council, to take on more responsibility for repairing and maintaining their homes.

5.4 The consequences of the government's present housing policies, and the extension of those policies proposed in the Green Paper, are a prescription for friction between tenants, local authorities and council employees. NUPE members working as caretakers and works staff see the consequences of the housing cuts on the estates where they work; and they are sometimes faced with angry tenants

conclusion

who place the blame for poor housing conditions on the council's local representative, the caretaker or the direct works staff. We believe, therefore, that Britain's housing policies need to be changed radically if the problems which exist are to be resolved and if better relationships between local authorities, tenants and council workers are to be fostered. Accordingly, we believe that public resources should be concentrated on the expansion of council housebuilding and the improvement of older council houses.



Co-operation between trade unionists and community groups is essential if the housing battle is to be won.

5.5 There are two areas in which the Labour Movement needs to take immediate action.

* First, the trade union Movement must debate the housing issue fully, in the context of the government's Green Paper, as housing is clearly central to the interests of trade union members. As a first step, the TUC should call a one-day conference of affiliated unions to discuss the Green Paper in the light of a discussion document put forward by the General Council.

* Second, the trade union Movement should recognise the significant allies it possesses in the growing movement amongst tenants and community groups to improve and democratise housing.

conclusion

- * Trades Councils should establish closer links with tenant and community groups.
- * Trade unions with membership interests in the housing field should establish closer links at local and national level in order to fight for policies which will increase democratic control over housing, improve job control, and fight for policies which will solve the housing problem.
- * The TUC should encourage Trades Councils, in conjunction with tenant and community groups, to examine their local authority's four year Housing Investment Plan and take appropriate action.
- * Trade Union branches and Trades Councils should actively support tenant campaigns on rents, repairs and facilities where it is appropriate to do so, and tenants organisations should reciprocate by supporting joint trade union action against cuts in public expenditure.



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