

Defending principles: first class, secure council housing with low rents and available to all

1. Summary

In the last few years supporters of a neo-liberal political agenda have launched a series of attacks on council housing secure tenancies. Some of them argue that council tenants are work-shy scroungers concentrated into ghettos of dependency who should have our security taken away to force us to find work. Others argue that as soon as we find work we should be thrown out to make room for others in greater need. (The Times, 10 November 2008 managed to argue both things at once). All call for an end to security of tenure, with regular tenancy reviews designed to bully people into taking on a mortgage or moving out into the private sector.

The current Housing Minister, Margaret Beckett, has spoken out strongly against the idea of getting rid of security of tenure. But she hasn't yet ruled it out completely. The government is producing a 'Housing Reform' green paper early next year – so we need to keep the pressure up to make sure these ideas get the quick burial they deserve.

Forcing out the better-off would destroy sustainable communities. Means-testing would increase the poverty trap. And different rent levels are a step to bringing market forces into council housing.

It is inappropriate to use housing to force people into work. It is unfair to treat council tenants differently from homeowners and private tenants. Regular tenancy reviews will be intrusive and expensive; punish the most vulnerable and it is wrong to discriminate against the young and the old. Specific problems should not be used to justify ending security of tenure: once the principle of a secure tenancy is lost then the situation can be abused.

The security that a council house for life provides is a hard won right. The real agenda behind attacks on our security of tenure is so that the private sector can profit out of the land our homes are built on, and the banks can profit from more people taking on mortgages. It is irresponsible to encourage more homeownership in the current economic crisis. A house should be a home – not an asset.

The attacks on our secure tenancies are based on the false arguments that council estates by their very nature can't be mixed or sustainable communities; that security of tenure creates high levels of dependency and worklessness; and that council housing is subsidised by the taxpayer. All the evidence shows that these claims are not true.

The real cause of concentrations of deprivation on our estates is the lack of supply – and the solution is to build more council housing.

2. History

The right to a secure tenancy was a right won by tenants. Cam-



paigns by tenants' organisations and the new national and regional bodies forced the Labour government to include 'security of tenure' in its Housing Bill 1979, subsequently included in the Conservatives' Housing Act 1980. In the last few years a resurgent neo-liberal establishment has launched a series of attacks on our security of tenure.

In June 2006, the Smith Institute think tank issued 'Rethinking Social Housing' (a set of papers written by bankers, consultants, RSLs and private developers), which calls for an end to secure tenancies for life and to allow companies to benefit from the increase in land values on our estates.

A few months later Minister Ruth Kelly announced the Hills review amid speculation that "the commitment to a tenancy for life looks set to be challenged as part of the wide ranging review of social housing" (Inside Housing, 29th September 2006)

On February 20th 2007, Professor John Hills published his report 'Ends & Means: The Future Roles of Social Housing in England' amidst speculation that he would recommend the end of security of tenure. It was clear that someone – we presume the Department of Communities and Local Government – was briefing the press to encourage Hills. However, Professor Hills went out of his way in launching his report to underline his commitment to the principles of 'decent', 'affordable' and 'secure' housing. He said: "if you came with the impression that I was going to be recommending the ending of security of tenure, or that tenants will be thrown out of their homes, then you're going to be disappointed".

In November 2007 Ministers made another attempt in the Housing and Regeneration Bill to restrict council housing to the poorest by introducing a new means-testing clause. This proposed allocations based on "eligibility designed to ensure that it is occupied by people who cannot afford to buy or rent at a market rate".

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Shocked by the scale of opposition government amended the clause to change the criteria from low income to 'housing need'.

In February 2008 the next Minister for Housing, Caroline Flint, in her first speech as Minister, raised the threat of 'commitment contracts' – council tenancies conditional on being in work or looking for work. This provoked another storm of criticism.

3. The 'Housing Reform Agenda'

Government is planning a new Housing Reform Green Paper. It was expected December 2008 but has now been put back to 'early next year'. This could either be because officials now lack confidence in getting a positive reception to their agenda or because the new Minister, Margaret Beckett, has called for a rethink.

Supporters of means testing have been arrogant – and clumsy – provoking massive outrage. In October - November 2008 we have seen the following:

- An attack on 'secure' tenancies from the Chartered Institute of Housing. Their Rethinking Housing report (October 2008) argues that when tenants' circumstances improve they should either move into the private sector (private renting or home ownership) or pay market rents. It includes a very specific attack on young tenants; and proposals to reform housing benefit which would effectively force council tenants out of high-value areas. The CIH was so shocked that tenants and others objected that they issued an immediate 'open letter'. This claims that they have been misrepresented in the press but doesn't change any of their arguments.

- A report by the New Local Government Network which recommends market rents, the end of secure tenancies, forcing elderly tenants to leave their family homes once their children grow up, and intrusive 'advice sessions' for tenants designed to bully them into the private sector. All wrapped up in the extraordinary and totally unsupported claim that this has something to do with 'tenant empowerment' (Tenant Empowerment: What the new regulatory regime must deliver, New Local Government Network, October 2008). The author of the report is a director of Pinnacle – a profit-making company which contributed to the Smith Institute report in 2006.

- The latest contribution from the Smith Institute (Visions of Social Housing: international perspectives, November 2008) argues for housing benefit to be replaced by time-limited US-style 'housing vouchers', more involvement from profit-making providers, selling off parts of council housing onto the private market to break up 'mono-tenure estates'; more 'products' to encourage homeownership including 'intergenerational transfer of assets'; and 'flexible' tenancies with annual reviews.

- A front page article in The Times (10 November 2008) which effectively argued that "because the Government hasn't built anything like enough public housing for rent and can't provide for the huge numbers in housing need... it should now turn tenants out of council houses to make room for even poorer people." (Austin Mitchell MP)

So far it seems that the present Housing Minister, Margaret Beckett, isn't going to be bounced into means testing or imposing time limits or other conditions on council housing. Speaking at a Smith Institute seminar on 11th November 2008, the Minister made it clear that any policy changes would have to be evidence based. In an upbeat speech she clearly suggested she understood that council housing had a wider role "social housing will always be a vital resource for the vulnerable; but it needs to be more than just that. It should not just be there in times of crisis: it needs to provide better opportunities and support."

"I am not at all sympathetic to the notion that council housing residents should somehow lose their security of tenure."

Hansard, 18 November 2008

We've seen off these proposals before but we need to keep up the pressure to ensure that the Housing Reform Green Paper doesn't go the way the neo-liberals want.

4. Arguments against means-testing

Forcing out the better-off would destroy sustainable communities

The biggest criticism of means-testing is that it would turn council estates into transit camps and undermine the whole concept of sustainable and mixed communities which government keeps telling us it wants to achieve. If anyone whose income rises above the breadline is forced by the threat of rent rises to move into the private market or take on a mortgage, it would have the effect of reducing the mixture of incomes on our estates, and increasing the concentration of deprivation.

Means-testing would increase the poverty trap

Losing security of tenure or having to pay higher rents would also increase the poverty trap and be a strong disincentive to find work.

"threatening rent increases will create more problems than it will solve. Tying rents to a family's income will create perverse disincentives for tenants. Under the constant threat of rent changes, tenants will question why they are being penalised for a positive change in circumstance, like getting a new job or a better salary. Faced with regular means tests, many tenants may be left asking, 'why bother?'" (Adam Sampson, chief executive, Shelter, Inside Housing, 17 October 2008)

The New Local Government Network attempt to justify their arguments on means-testing by claiming that 261,000 council tenant households have a household income of £24,000 a year (<http://www.nlgn.org.uk/public/press-releases/good-house-keeping-stronger-communities-through-local-housing-intervention/>)

But £24,000 a year (total household income – not salary!) using their own figures, is below the average household income. Nor is a household income of £24,000 anything like enough to take on a mortgage in most areas, unless, as in 'sub-prime' lending, the income-to-mortgage ratio is so high that it puts the kind of impossible strain on people's finances which has led to the present crisis.

A council tenancy is not just important because it's affordable - but also because it's secure. Forcing someone out into the private sector just because they can afford it now is wrong – they could be out of work tomorrow. This is especially true where the household income relies on two or more salaries. Employment is simply not safe or long-term any more. The evidence shows that short-term work and fluctuating incomes are a major cause of mortgage arrears. (See A Sustainable Option? Home ownership and mortgage possession actions in Wales, Shelter Cymru, 2008)

Means-tested housing benefit already causes massive problems for those in short-term or low-paid work, or trying to run small businesses. People able to work in flexible or part-time jobs, have no option but to find that employment in 'informal' (undeclared) work. (People in Low Paid Informal Work: Need not Greed, Joseph Rowntree Foundation, June 2006).

Different rent levels would bring market forces into council housing

Means-testing rents is a step towards bringing market forces into council housing. Several organisations are already calling for

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market rents:

“A regulatory body for social housing needs to operate with a consumer focus and a clear mandate to champion the transition towards a more effective market... Government should explore the case for the introduction over time of stronger price mechanisms into affordable housing... To help achieve this, the Treasury and the Department for Work and Pensions should step up exploratory work on reform of housing benefit” (‘House Rules: Submission from the National Consumer Council to the Cave Review on Housing Regulation’)

Market forces would mean that rents will rise to market levels, bringing a return to the days of *Rachmanism*, and that the best housing will have the highest rents, forcing the poorest into the most appalling conditions. This will take us right back to where we were when council housing was first invented to overcome the problems of the private market.

5. Arguments against conditional tenancies

It is inappropriate to use housing to force people (young or old) into work. Firstly it is unfair because these sanctions are only being suggested against council tenants – not against homeowners and private tenants. Secondly, it is completely unnecessary because of the huge number of conditions and sanctions already attached to receipt of benefit. All the evidence shows that the reason for unemployment among council tenants is the same as the reason for unemployment everywhere – the lack of secure, adequately-paid work. Threatening to take away someone’s home because they are unable to work would mean punishing the most vulnerable, as all of the arguments below against regular tenancy reviews demonstrate.

6. Regular tenancy reviews will punish the most vulnerable

The big problem with the Hills report is that he does open a door – he talks about ‘offering alternatives’ both to people who approach the council in housing need and existing tenants. He does explicitly condemn any attempt to force them on people against their wishes (page 157). However, the neo-liberals have pounced on this opportunity.

Especially when applied to the vulnerable and elderly, ‘choice’ easily becomes an alibi for coercion. Yet the CIH report explicitly calls for senior citizens and the vulnerable to be included in their plans for regular reviews looking at personal circumstances.

It is not hard to imagine the effect on people with fragile health or learning difficulties of regular reviews telling them they should move into the private sector.

Reviews will be intrusive and expensive

The idea of regular tenancy reviews will add to the administrative burden on landlords and cause them to have a far too intrusive role in tenants’ lives.

The already unbalanced relationship between landlord and tenant in which one side has power over the other can only be fractured by landlords having to take on a policing role over every circumstance of a tenant’s life.

“Once they have run out of ideas, which it appears they have, about how to build new houses they come out with this nonsense. [Landlords] are there as a social housing provider not as judge and jury... A person’s individual circumstances are their own and nothing to do with any outside agency.” (Milan Radulovic, portfolio holder for housing, Broxtowe Council, Inside Housing, 08 October 2008)

Wrong to discriminate against the young and the old

The Chartered Institute of Housing argue that there is a specific problem with secure tenancies let to young people, without adequate support, who are anti-social and cause problems for their neighbours.

Young people already face massive discrimination (single room rate housing allowance; lower rates of benefit; lower minimum wages etc). It is outrageous to add to this discrimination when only a small number of young people cause problems.

Elderly people come under particular fire from the attacks on secure tenancies. The New Local Government Network argue that there is a big problem in the ‘social sector’ with overcrowding on the one hand, and large numbers of people under-occupying on the other, so there should be compulsion to make people who are under-occupying move into smaller homes.

The lack of suitable homes for families was caused by reduction in supply as a direct result of government policies over the last 30 years – why should tenants be punished for this? According to research older people are only slightly more likely to under-occupy than other age groups (Older People’s Housing and Under-occupancy: A Policy brief, ILC, July 2007.) Age Concern warn:

“Many older people make a positive choice to remain in a long-term family home... It is important therefore that the issue of ‘under-occupancy’ is approached from the perspective of improving choice rather than coercing people to move against their wishes.” (Age Agenda, Age Concern, 2008)

Unfair to treat council tenants differently

Why should those in council housing be treated differently to those in other forms of tenure? There is a good deal more under-occupation in the owner-occupied sector and equal lack-of-supply problems for young families trying to buy family-size homes – but this solution is only proposed for council and housing association tenants. This is unfair. Similarly a young person who obtains a mortgage, although they will be massively subsidised over the years by the state, is not thrown out of their home if their circumstances improve. And no-one living in private rented accommodation or their parents’ home is threatened with eviction if they fail to find work – or charged more rent if their salary goes up.

Why should employment “help” be tenure specific and why is it appropriate for “housing” rather than health or education professionals to be given new powers to call people into interviews? When millions face insecurity and instability the last thing they need is a threat to their ‘secure’ tenancy.

Once the principle of a secure tenancy is lost then the situation can be abused

No-one would deny that there are particular problems with overcrowding and with a small proportion of younger tenants causing anti-social behaviour problems, but it is wrong to use these specific problems to attack security of tenure. The suggestion of using the sledgehammer of removing security of tenure to crack the nut of specific problems must lead to a question as to the real motives behind this drive.

Once the principle of a secure tenancy is lost then the situation can be abused. A change which is brought in on the back of specific arguments about overcrowding or anti-social young people can and will be abused by unscrupulous landlords seeking to develop high-value property.

It is not hard to imagine elderly people forced out of well-built family homes in affluent areas into flats in tower blocks – with the

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empty homes then being sold off on the open market. Sales of high-value voids are entirely legal and in common practice already so any unscrupulous landlord could do this.

Housing professionals concerned about real problems shouldn't allow themselves to be hijacked by the right-wing lobbyists who began the debate.

7. General arguments against ending security of tenure

The right to a council house for life is a key welfare state principle

Council housing was not originally intended to be just a 'safety net'. Instead it was developed on the principle that it should be open to all:

"It is entirely undesirable that modern housing estates only one type of citizen should live. If we are to enable citizens to lead a full life, if they are to be aware of the problems of their neighbours, then they should be drawn from different sections of the community. We should aim to introduce what has always been the lovely feature of the English and Welsh village, where the doctor, the grocer, the butcher and the farm labourer all lived in the same street... the living tapestry of a mixed community." (Aneurin Bevan, 1949, quoted in M. Foot (1973), Aneurin Bevan, Volume Two: 1945-1960)

Their proposals go directly counter to the whole spirit of the welfare state. What would the reaction be if anyone suggested that people who can 'afford' the private market be forced to pay for their health care or childrens' education? That, of course, would go against the fundamental principles underpinning the post war consensus that millions of people support. Better to start with council tenants who can be more easily stigmatised and some must think more easily bullied.

The principle that needs defending is that council housing should be a mainstream tenure of choice, available to all who want to rent as an alternative to the private market.

Land – The Real Agenda

It is no coincidence that the set of papers by the Smith Institute link together two calls – for an end to security of tenure and for investors to be able to make money out of increasing land values. To benefit from increased land values landlords have to be able to get rid of their tenants. Hence the calls for an end to security of tenure.

"Deprived social housing estates now look outdated and have become a huge challenge for the UK; Regeneration initiatives that are dominated by public spending always risk failure; Short termism and risk aversion is rife in public-sector controlled intervention; Distinguish between two private sectors – short term house builders and long term investors; Long term investors look to benefit from uplift in land values... Explore ways to bring private sector investors into area regeneration... Transform the notion of regeneration spending into investment, with rising whole neighbourhood land values the asset" Perry Lloyd, Director, Pinnacle Regeneration Group, writing in 'Rethinking Social Housing', Smith Institute, June 2006)

Where the land concerned is not just owned by the council but consists of land on existing council estates than there will be a direct impact on the quality of life of tenants living on the estates. Tenants don't want to see our garages, playgrounds and green spaces swallowed up to build luxury housing our children won't be able to afford.

Irresponsible to encourage more home-ownership

It's irresponsible to even think of promoting more home-ownership – especially among those who can least afford it – in the current economic climate (see the DCH Conference Paper Private Sector Failure: Housing Crisis, Credit Crunch and Recession for details).

A house should be a home – not an asset

At the core of the CIH report is the concept of housing as not a home but an 'asset'. The idea comes virtually word for word from the Smith Institute report:

"In housing terms, a home is no longer just about a roof over our heads. It is also, or sometimes only, an asset, an investment, a pension, an income, sometimes a liability, an office, a business... Society has changed, the fundamental principles of social housing policy have not." (Rethinking Social Housing, Smith Institute, 2006)

"Today, a home is much more than a place to live. It is also, and indeed sometimes only, an investment, a pension, an income, an office, a business and sometimes a potential liability. Society has moved on but our basic principles of public housing policy have not." (Rethinking Housing, CIH, 2008)

And yet it is precisely this kind of thinking which has led to so many people being pushed into home-ownership who can't afford it – in other words, the sub-prime mortgage lending which has resulted in the present economic catastrophe.

8. Exposing the Myths

There has been a concerted attempt in recent years to stigmatise council housing. This is based on the false arguments that council estates by their very nature can't be mixed or sustainable communities; that security of tenure creates high levels of dependency and worklessness; and that council housing is subsidised by the taxpayer. But all the evidence shows that these claims are false.

Security of tenure is vital to sustainable communities

In its heyday, council housing was used by a mixture of people. Professor Hills identified that in 1979 "20% of the richest tenth lived in social housing" (page 45, Ends and Means, Feb 2007). In the biggest phase of council-house building after the war council estates largely consisted of working families. Many who were working in the 1980s and 90s were encouraged to buy their homes (and so are no longer tenants) and others have now reached pension age. It is not surprising that the proportion of tenants not in work has increased. (See The Demand for Social Rented Housing, Cambridge Centre for Housing and Planning Research, 2006)

Most of the concentrations of deprivation that Ministers point to today are the direct result of national housing policy. Chronic shortage of council homes forced councils to allocate only to the most desperate: mainly single parents with young children, the disabled and mentally ill.

Security of tenure is an asset in terms of making communities sustainable – not the other way around:

"Without this long-term security, we would lose the vested interest we currently have to look after and invest in our neighbourhoods and communities." (Pat Rowe, Chair, Taunton Deane Tenants Against Transfer)

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Council housing does not cause dependency and worklessness

Policy-makers sneer that council and housing association tenants are all enmeshed in a culture of dependency, living in 'ghettoised' estates, with high levels of 'worklessness'. ('Worklessness' is a word that has been recently invented to blur the difference between those who cannot work and those who are looking for work.)

The evidence all shows the contrary. The majority of heads of households in council and RSL housing are retired (34%); the second biggest group (32%) are working; only 6% are actually unemployed; and the rest (28%) are unable to work (Table 2.3). In addition:

"Between 1988 and 2001 the number of economically inactive household heads in the social rented sector fell by about 100,000, but rose by over 1.1 million in the owner occupied sector." (The Demand for Social Rented Housing, Cambridge Centre for Housing and Planning Research, 2006)

There is no evidence that living in council housing causes poverty or an attitude of 'worklessness'. On the contrary, there is evidence that the problem of unemployment, on council estates as elsewhere, is the result of a labour market which consists of increasingly low-paid and insecure work. See the Shelter Cymru report quoted above for evidence of the nature of the labour market; and the Department of Work and Pensions report Social housing and worklessness: Key policy messages, May 2008, which found:

"The vast majority of respondents reported that living in the social rented [sector] did not present a barrier or disincentive to work... the interviews did not indicate that widespread dependency was readily apparent within the lives, experiences, attitudes and actions of respondents....the findings from this research concur with the evidence from a study by the Social Exclusion Unit (2004), which found no consistent evidence of cultures of worklessness in deprived areas... respondents reported that the costs of moving (loss of social networks and resources) would outweigh the benefits (opportunity to enter low paid, insecure work)"

Council housing is not subsidised

Council housing is not subsidised by the taxpayer, but the other way around, with the government taking approximately £1.8 billion out of our rents every year and robbing right-to-buy receipts.

Housing associations on the other hand are private companies which the tax payer subsidises, without any public stake in the assets. Social housing grant is paid to housing associations by the taxpayer and spent in acquiring homes, with no mechanism for recapturing that investment.

Billions of pounds are poured into the pockets of profit-making companies, buy-to-let consortiums and private individuals, subsidising their gains through housing benefit paid to private sector tenants. Government's multi-billion pound bailout of the banks is the biggest ever public subsidy for private housing.

Home ownership is subsidised to a far greater extent than council and housing association housing, to the tune of £18.4 billion a year (page 25, Ends and Means: the Future Role of Social Housing, Professor Hills, Feb 2007) Subsidising home-ownership benefits the richest (page 84).

Homeowners are subsidised both directly and indirectly.

Direct subsidy includes discounts on Right-To-Buy purchase and has included Mortgage Interest Tax Relief in the past. Indirect subsidy is about tax-breaks. When a house is sold the owner doesn't have to pay capital gains tax; and the tax breaks on buy-to-let homes are even higher.

"Mortgage Interest Tax Relief which was costing the Exchequer £6 to £8 billion per year in the early 1990s is now much reduced to £1.6 billion in 1999/2000 (Wilcox table 105). But to offset this the value of Capital Gains Tax Relief to owner-occupiers has risen over tenfold since This has been a burden on the national economy. The net gain to the Exchequer from Stamp Duty and Inheritance Tax offset by Capital Gains Tax Relief has fallen from £1.39 billion in 1999/2000 to £0.55 billion in 2002/03 (ibid, Table 1.2.3)." (Memorandum to the Prime Minister on Unaffordable Housing, Zacchaeus Trust, 2005)

9. The solution is build more council housing

The problems on our estates have been caused not by security of tenure but by lack of investment and lack of supply:

"Over the past 25 years the social rented sector has markedly declined in size. At the same time, the number of people on low incomes and vulnerable households who have become homeless has grown – people who have been excluded from home ownership by its high cost and from the private rented sector by the lack of security of tenure and high rents. By picking up the pieces of failed policy and a failing housing market, social renting has lost the wide social mix it once had, a process sometimes called residualisation." (Mayor of London, Towards the Mayor's Housing Strategy: Consultation Paper, Nov 2006)

Today 'people queuing up to be council tenants are not all poverty stricken and with multiple other problems' (Roof magazine, Shelter, May/June 2007). Council housing waiting lists stand at more than 1.6 million households but almost half the applicants are not considered to be in 'priority need'. They are the butchers, bakers, teachers and nurses who want a new first class secure council home with lower rents and an accountable landlord. Investment in council housing is central to satisfying this need and, in the process, making the estates the 'mixed communities' they used to be. ■

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