

# Policy Paper

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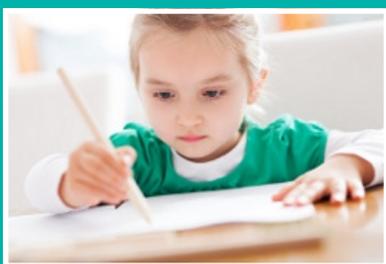
Tackling squalor:

*The pivotal role of social housing*

Duncan Bowie

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# Series: A Social State for 2015



December 2012 marked the 70th anniversary of the Beveridge Report, significant not only for its content but also for its context. In the midst of World War II, with a budget deficit and national debt that makes today's look negligible, the Report laid the basis for the radical reforms introduced by the Labour Government in 1945.

If war-time Britain could summon up the energy and hope to build a better world in 1945, this generation certainly can too. Seventy years ago the Beveridge Report announced the pursuit of a new settlement, one that would dramatically change the structure of Britain for the better. With this in mind, this series of work looks at what Beveridge's analysis of society can teach us about the Giant Evils of today and how we use this to chart an alternative course for a welfare state - or *Social State* - fit for a new settlement in 2015.

This paper was commissioned as part of the series to address the Giant Evil of 'squalor' and propose new policy priorities for housing after the next election.

## Author



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# Executive summary

Poor and insufficient homes were for Beveridge a source of squalor. Squalor today is homelessness, families in Bed and Breakfast, overcrowding and homes in public and private sectors below the fitness standard. Poor and insufficient housing produces a range of negative impacts such as ill health, poorly educated children, alcoholism, depression and crime. Providing more and better quality homes which are secure and affordable for those whose lives are subject to external challenges and disruption is one of the central cures for the ills of society.

The purpose of this paper is to review changes in attitudes to and policy towards social housing and social housing tenants since the Beveridge Report of 1942. In the last three decades, we have seen social housing being blamed for the concentration of disadvantage and the growth of a dependency culture. This fails to understand that in a numerically declining and increasingly residualised social housing sector, priority is given to households who cannot afford to access market housing and who have acute needs. For many households, council owned homes, and more recently housing association homes, have been the only basis for a secure home environment with a reasonable quality of life and decent space standards, in a context where many other factors – unemployment or illness – have a negative impact.

The best way to counter the residualisation of social housing and the spatial concentration of social housing tenants is to radically increase the supply of social housing. Social housing is a public asset which can be made available for future generations, and with sufficient investment, can last for 30, 60 or even 90 years. Investing in bricks and mortar for long term use is a far more effective use of public resources than supporting unregulated private landlordism through ever increasing amounts of housing benefit. Expanding the programme of social housing, building houses as well as flats, and building in mixed tenure and mixed income areas would enable access to social housing to be widened again to include more working households and reduce the stigmatising both of the tenure and its occupants.

As a nation we have become obsessed with home ownership. As well as wealth appreciation, home ownership gives households security, so long as you pay your mortgage. However, the recession was a clear demonstration that the housing

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market was not stable and that depending on the market to meet housing demand was not a sustainable option. The private rented sector is in effect deregulated. There are no rent controls, no minimum security of tenure and statutory regulation of minimum standards is limited and largely ineffective. Yet with the home ownership sector shrinking and social housing stock continuing to decline, the private rented sector is booming, with the bottom end of the sector fuelled by housing benefit.

Government intervention is required both to counteract the impact of market failure and to effectively regulate the market to reduce the likelihood of market failure occurring. An aggregate of local initiatives will not deliver the homes we need. Current provision is only a third of what is needed. Government at national, and regional level where it still exists, has a shared responsibility for deciding where homes should go and for funding the infrastructure to support new communities.

### **Towards 2015: New Strategy**

The starting point for any new strategy is to recognise that even though most people may aspire to home ownership, it is not a feasible option for an increasing proportion of households.

It is important to set out the core principles for a new progressive housing policy:

- The State should not promote one specific tenure over another.
- While recognising household aspirations, housing policy and programmes should seek to meet the differing needs of the full range of households.
- Government subsidy should be focused on investment for longer term public benefit rather than on supporting the consumption of housing by individual households.
- Government subsidy should not be used to support capital appreciation by individual households.
- As housing is in short supply relative to demand, there is a need to disincentivise the under use of existing housing stock, irrespective of whether the housing is in public or private ownership.

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Policy priorities:

1. Public subsidy for the provision of social rented housing should ensure that access is on the basis of need and that housing remains available for use by such households in perpetuity
2. Collectively owned housing assets part-funded through the state should not be disposed of so long as there remains a household unable to access market housing for whom the asset is suitable.
3. There needs to be a government programme for funding regeneration and replacement of council estates which are no longer of an acceptable standard
4. Rents for social rented housing should be at a level affordable by households in low income employment without the need for support through housing benefit.
5. Financial support should only be given for private rented provision where housing is of good quality, is secure, affordable and accessed on the basis of housing need.
6. There should be no subsidies, tax incentives or allowances in relation to home ownership.
7. The owners of vacant land and property should be subject to higher rates of taxation.
8. There needs to be a higher rate of taxation on the transfer of property assets between generations.
9. Local authorities need to be empowered to acquire development land at close to existing use value.
10. Local planning authorities need to be explicit as to the public policy priorities for the use of development sites.
11. Unless a local surplus is identified, new development should focus on the provision of family sized homes which are affordable by lower and middle income households.

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# Introduction

The focus of the contemporary debate on planning and housing is a world away from the widespread consensus amongst politicians, professionals, the media and the general ‘thinking public’ in the mid and late 1940’s that ‘something must be done’. While the Beveridge Report does not itself include specific proposals on housing and planning, which were beyond its remit to put forward proposals for a new system of social insurance, the report was part of a wider consensus for a support for significant social reform based on intervention by Government and a recognition that the free market would not deliver the required post-war reconstruction.

The Beveridge Report was one component of a wider series of reform initiatives which also produced the post war council housing programme under the Attlee government’s Minister of Health, Aneurin Bevan, and the 1947 Town and Country Planning Act which nationalised private development rights and reintroduced the principle of taxation of development gain, first introduced by Lloyd George and John Burns in 1909. In his separate 1943 report on *Full Employment for a Free Society*<sup>1</sup>, Beveridge argued that

***“adequate and healthy housing presents the largest single objective for desirable outlay after the war and affords the largest scope for raising the standard of life, health and happiness... There is here a complex of difficult problems – land, planning, housing, transport – which will need to be treated together...”***

The purpose of this paper is to review changes in attitudes to and policy towards social housing and social housing tenants since the Beveridge Report. Peter Malpass has referred to housing being the ‘wobbly pillar’ of the welfare state<sup>2</sup>. It could be argued that the pillar has now been removed and that the structure of housing policy has been irreparably damaged and has taken large components of welfare policy and the economy with it.

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# Tackling squalor: The pivotal role of social housing

## Scapegoating social housing

In the last three decades, we have seen social housing being blamed for the concentration of disadvantage and the growth of a dependency culture. Social housing tenants have often been scapegoated as the source of the broader ills of current society from anti-social behaviour and crime to obesity. Politicians have been quick to use the numerous academic studies showing correlations between tenure and data on deprivation, school exam results, crime and obesity to presume causality – that it is social housing that is responsible for the perceived problems. And to use this material to promote a policy objective of promoting so called ‘mixed communities’<sup>3</sup>. Some reports published by supposedly left leaning think tanks have fallen in to the same trap<sup>4</sup>. This fails to understand that in a numerically declining and increasingly residualised social housing sector, priority is given to households who cannot afford to access market housing and have acute needs in terms of being actually homeless or without stable accommodation or having medical needs.

It is not surprising that social tenants now are relatively poor. The lack of access to good schools or health services or leisure facilities is hardly the fault of the social tenants themselves. It is not the tenants fault that there has been insufficient investment to maintain their homes and the overall environment in which they live. In scapegoating estates, we forget that much council housing is in mixed tenure neighbourhoods, and that within even the poorest quality estates, after thirty years of council house sales, there is now a mixed tenure community with home owners and private tenants. Changing tenure does not necessarily change individual behaviour, and while dispersing council tenants may gentrify a neighbourhood, it may further disadvantage the most vulnerable households by displacing them from their friends and community support structures.

The best way to counter the residualisation of social housing and the spatial concentration of social housing tenants is to radically increase the supply of social housing so that there are homes for more lower and middle income working households as well as households without employment and to build a significant number of social rented homes in neighbourhoods which are mainly owner occupied. This is the best way to achieve mixed neighbourhoods and to remove the

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stigmatisation of social housing tenants through improving their access to the good quality services and amenities enjoyed by the 'better off'.

## **The fetishisation of home ownership**

We have become obsessed with home ownership. This is largely an English disease, in the sense that other European countries, including Scotland and Wales don't share this obsession. In England, property ownership has become identified with wealth appreciation, an association not significantly damaged by the houseprice falls of 2008-10. It is not surprising therefore that most households would like to be home owners. As well as wealth appreciation, home ownership gives households security, so long as you pay your mortgage. The contrast with the rented sectors became more acute as the private rented sector was deregulated, with increasing rents, reduced security, and in some parts of the sector continuing poor quality. More recently, Governments have lessened security and affordability in the social housing sector, increasing the poverty trap for benefit-dependent households trying to get into employment.

We have reached a stage where home ownership is associated with citizenship in a way that recalls the pre 1867 structure of political rights in England, when only property owners could vote. This argument was swallowed by the Blair and Brown governments, the former introduced a formal government housing policy target to increase the proportion of households who were home owners, a target not previously pursued by the Thatcher or Major governments. Even Ed Miliband has stated that selling council homes is a good thing and Labour should never have opposed it<sup>5</sup>, while in a recent report IPPR have stated that widening home ownership should be a key policy objective for the next Labour government<sup>6</sup>. It is perhaps ironic that this has come at a time, the first period for decades, when home ownership in England is actually in decline. The proportion of households in England who were owner occupiers fell from 69.4% in 2003 to 64.4% in 2011<sup>7</sup>.

## **The failure of the market**

The 2008 credit crunch and recession were a clear demonstration that the housing market was not stable and that depending on the market to meet housing demand

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was not a sustainable option. It was the excess of credit and the wide practice of lending for house purchase without adequate security that was the main reason for the recession in both the USA and the UK. Despite the denials of Gordon Brown, the Bank of England and the Financial Services Authority, the British recession was at least partly home grown rather than being an unpredictable and unstoppable tsunami blown in from the Western Hemisphere. The practice of Northern Rock, the de-mutualised building societies and a range of other banking institutions in lending to people who were not able to pay back their loans was irresponsible, just as it was irresponsible for Government to say that the amount of poorly secured credit was not a matter of concern to them. One of the prime functions of a Government is to secure a stable economy and control the level of risks for businesses and households. Both Blair and Brown failed in this basic responsibility, even if Brown did help to 'save the world', or at least the Anglo Saxon economic model, in the aftermath of the collapse<sup>8</sup>.

It is nevertheless curious that most politicians, commentators and academics recognised the extent to which the failure of the market demonstrated that a new approach to housing policy was required. A paper I wrote for Compass in August 2008 setting out the extent of the paradigm shift and outlining the basis for a new approach was criticised by a well respected former Housing Minister as "back to the future"<sup>9</sup>. Another exception was the Smith Institute who in June 2011 published a report, End of the Affair: The Implications of Declining Home Ownership, which concluded that

***"the central plank supporting that vision (of a property owning democracy) – rising levels of home ownership – must now come under scrutiny, and with that, the vision itself. In considering a strategic response to what could prove a continuing shift in the balance of tenures. The issue of an alternative vision will therefore inevitably be raised. Such a vision will have to encompass the role of the state, the funding of welfare, and the relationship between housing tenure and the culture of citizenship. It will involve developing new concepts, but it will also involve a clear-sighted application of those new concepts across the full breadth of public policy formation".<sup>10</sup>***

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## The abuse of the term ‘affordable housing’

Part of the difficulty in having a sensible debate about affordable housing is the increasing abuse of the term ‘affordable’. Governments of recent years have tended to use the term ‘affordable’ as synonymous with ‘sub-market’. There was therefore an assumption that affordable housing needed some form of subsidy to be sub-market. However as houseprices have increased far more rapidly than incomes, access to market housing has become far more restricted, and in many locations property prices and rents have to be significantly below market levels to be accessible to households on average incomes. There are of course significant area variations with average houseprice to average income ratios being highest in London, the South East and South West of England. Governments have increasingly tried to find ways of making unaffordable housing more affordable without any direct form of Government subsidy.

In the National Planning Policy Framework published by Government in March 2012, the definition of ‘affordable housing’ for planning purposes was amended to include the new category of ‘affordable rented’ homes now part funded by Government through the Homes and Communities Agency (and in London through the Mayor of London). These are rented homes with rents up to 80% market rent with minimum security of tenure of two years – rents much higher than rents for pre-existing council and housing association social rented homes, in which tenants in effect had security of tenure, so long as they paid their rent. The Government has now stopped funding social rented homes at controlled rents (known as target rents). In London, Mayor Boris Johnson is proposing to remove the separate target in the London Plan for social rented homes, which had been 35% under Livingstone, with an indirect target of 25% introduced by Johnson in 2011. Many local authorities are following the Mayor’s lead – the argument being that if the Government considers ‘affordable’ rented homes to be affordable and equivalent to social rented housing, and the Government is no longer funding social rented homes, there is no point in having a target for social rented homes, even if the need for them is proven. Nine London boroughs, including the Conservative controlled boroughs of Westminster and Kensington and Chelsea, have rightly objected to the Mayor’s proposal, and at the recent public examination into the proposal, the objectors put forward a very convincing argument that the new policy should not be introduced as it would force thousands of lower income households to move out of inner London.

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We have had for the last few years, at least in London and the South East, an increasing proportion of so-called affordable homes actually being shared ownership or sub-market rented homes, which are only affordable by households on incomes over £60,000 a year – nearly twice the average household income. London households moving in to new ‘affordable rented homes’ will pay an average rent including service charge of £9,500 a year (£183 a week), compared with the average market rent for market homes of £14,455 a year (£278 a week)<sup>11</sup>. It is therefore important to be clear what we mean by affordable housing. While house-prices continue to increase faster than salaries, there is clearly a demand from middle income households for homes at 60-80% of market prices and rents, but this does not reduce the need for housing at social rents which take up less than 30% of a low income household’s income, the original affordability definition in the London Plan, rather than 40-60% or more.

## **The positive functions of social housing**

In a context in which social housing is seen by many as part of the problem, it is necessary to restate the positive purpose of social housing. When the first council homes were developed after the first world war and the programme expanded under the Attlee government of 1945-51, council homes were to be provided for working households who would otherwise be housed in relatively poor quality and expensive privately rented homes<sup>12</sup>. It was only with the dramatic reductions in the stock of council housing in the 1980s and 1990s, and with the introduction of a rationing system which gave priority to homeless households and other households with acute housing needs, that the majority of new tenants were households without full-time employment.

For many households, council owned homes, and more recently housing association homes, have been the only basis for a secure home environment with a reasonable quality of life and decent space standards, in a context where many other factors – unemployment or illness – have a negative impact. Social housing is not all concentrated on 1960’s concrete estates, though the overall quality of social housing has declined as better properties, including most family sized houses, have been sold off under the Right to Buy. Many recently built housing association homes are of a quality equivalent to and sometimes better than some speculative developments.

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Moreover social housing is a public asset which can be made available for future generations, and with sufficient investment, can last for 30, 60 or even 90 years. Investing in bricks and mortar for long term use is a far more effective use of public resources than supporting unregulated private landlordism through ever increasing amounts of housing benefit. Expanding the programme of social housing, building houses as well as flats, and building in mixed tenure and mixed income areas would enable access to social housing to be widened again to include more working households and reduce the stigmatising both of the tenure and its occupants. We also need to increase the supply of social homes nearer to the main employment centres so working households can get to work without having to pay high proportions of their income on commuting.

## **Socialising the private rented sector**

While we have increasingly privatised the social housing sector, we have failed to socialise the private rented sector. The private rented sector is in effect deregulated. There are no rent controls; no minimum security of tenure, and statutory regulation of minimum standards is limited to houses in multiple occupation, and which in practice is largely ineffective. Yet with the home ownership sector shrinking and social housing stock continuing to decline, the private rented sector is booming, with the bottom end of the sector fuelled by housing benefit. Yet attempts to cap local housing allowance payments to private tenants, while disadvantaging lower income households, have not as yet brought private rents down in the way the Government had hoped, in London, the average private rent represents 41% of an average household's income - in some London boroughs, the proportion is over 50%. In less expensive areas of England the proportion can be much lower at 10-25%.

There is a strong case for socialising at least part of the private rented sector. Given the shortage of social housing, the private rented sector needs to provide accommodation not just for short term singles and couples, but medium and longer term accommodation for family households. There is therefore a case for introducing a voluntary regulation system where landlords will guarantee a minimum level of security of tenure, a fixed level of rent and service charges and physical and management standards in exchange for direct payment of housing benefit and grant, where necessary, for improvements. Where the regulation is

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ineffective, there is a case for transferring ownership into the public sector or to some other form of 'socialised' ownership.

## **Investing wisely: Bricks or benefits?**

There is a critical issue for any government to consider – whether subsidy to provide affordable housing should be in the form of investment in the provision of new homes so they can be let at relatively low rents – bricks and mortar subsidy – or whether in the form of revenue payments to households to rent market homes which would otherwise be unaffordable. It is now logical for a Government to again provide significant investment subsidy rather than rely on revenue subsidies – firstly because the Government can set the terms on which grant funded property is occupied, including ensuring continuing occupation by households in housing need, and that it can ensure such homes are available for future generations. As the value of a property increases it becomes a public asset against which further borrowing can be raised. The case for a rebalancing of investment subsidy and revenue subsidy has been set out in two recent reports – Shelter's Bricks or Benefits and IPPR's Together at Home<sup>13</sup>. A huge advantage of subsidising the (publicly owned) bricks would be that the funding does not leak away as a de-facto subsidy to landlords which is the effective role of housing benefit and housing allowance payments. A significant increase in the supply of social rented housing could help to reduce rent inflation in the private rented sector.

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# Towards 2015: The need for a heavy dose of realism

The starting point for any new strategy is to recognise that even though the majority of households may aspire to home ownership, it is not a feasible option for an increasing proportion of households. The Government cannot control house-price inflation and there is no guarantee that a significant increase in supply would depress house-prices sufficiently to make home ownership accessible to a significantly higher proportion of households – at least in the South of England where housing demand is most acute. To provide grants to middle income home owners or reduce stamp duty or provide more shared ownership or mortgage guarantee arrangements is both expensive for Government and generally ineffective as these initiatives just boost house-price inflation further. Assisting one group into home ownership simply disadvantages other groups as the key worker housing initiative demonstrated, with nurses and police officers leapfrogging bus drivers in the climb up the home ownership ladder.

## **Rebalancing the relationship between the public and the private sector**

The private sector has a role in housing provision. The private market should not however be the driver of housing policy and housing development. The recession has shown us the need for Government intervention both to counteract the impact of market failure and to effectively regulate the market to reduce the likelihood of market failure occurring. We must however remind ourselves that the market in boom periods does not provide the range of homes we require. There is therefore a need to rebalance the relationship between public and private sectors – for periods of economic growth as well as periods of recession. The market is based on the profit motive and has a short and medium term focus. Public policy has to focus on the long term and the needs of future generations as well as the needs of the present. It is only the public sector which can consider wider economic, social and environmental perspectives. Moreover it is only the public sector, whether working at national, regional or local levels - county, district or neighbourhood - which operates within a democratically accountable structure.

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Where the public sector shares risk, it should also take a share in any profit or value appreciation. It is the public sector, which, after full consideration of the available evidence, must set out priorities for the type of housing to be provided, and determine through its planning powers, the appropriate locations for sustainable development which link to employment opportunities, transport networks and social infrastructure such as schools, health and leisure facilities. It is the public sector which should coordinate the acquisition and development of land. The public sector which should set the parameters for access to different types of housing. Private finance can make a contribution to funding new development, as it did in the case of the former Housing Corporation's mixed finance programme, but private finance can only be a supplement to public investment and not a substitute for it.

## Resources and powers

It is critical that Government, whether operating at national, regional or local level, has sufficient resources in terms of land and funding to invest in the homes we need and to meet both quantitative and qualitative targets. Discussions on the extent of the public sector deficit and resource constraints in this so-called period of austerity, often fail to recognise that such constraints are largely a matter of political choice. A Government can choose to increase the resources available to it through raising further income from changes to tax regimes, for example through a more progressive income tax system, modifying capital gains and inheritance tax, modifying council tax or introducing a new property tax.

Government can also divert expenditure from one programme to another – for example from nuclear submarine replacement to housing investment. The argument for dealing with squalor within our own country before seeking to maintain and expand our imperial role is not a new one<sup>14</sup>. The public sector, especially local authorities, however also needs new powers to ensure that resources are not wasted – powers to acquire land for housing development at existing use value so speculators don't take all the gain from value appreciation; powers to ensure the effective occupation of privately developed homes; powers to ensure that utilities companies and other private and semi-privatised organisations provide the infrastructure to support new residential development.

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## Localism and spatial justice

The Coalition Government and elements within the Labour Party see localism and neighbourhood self determination as a way out of the current crisis. This is a serious mistake. Localism will not deliver social justice. A governance structure which gives the freedom to local councils to decide whether or not to allow the building of new homes needs a set of checks and balances. A governance structure which transfers this decision-making power to self elected unaccountable neighbourhood fora carries with it even more dangers. The temptation for affluent neighbourhoods to protect their own leafy areas from new development and to protect their own property values is irresistible. For poorer neighbourhoods which need investment in their homes the power to make a plan is of little use if it is not supported by resources beyond those they can themselves generate. The proposals for neighbourhood planning do not recognise the differential power of different neighbourhoods, or the fact that planning is a conflict between conflicting interests and planners should be looking not just to the greatest good and widest public benefit, but should be seeking to mitigate social polarisation and spatial injustice.

All plans at whatever level need to be the subject of impact assessment – who gains and who loses out, not just within a community but in terms of the wider impacts on people outside the neighbourhood. Planners and politicians need to consider the opportunity costs of not developing – what opportunities are missed. Planners and politicians need to be reminded that there has to be a social component of planning as well as the environmental and economic components. If we are to avoid further social polarisation, and achieve genuine mixed communities, we need to provide genuinely affordable homes in areas which are mainly owner occupied. This may not always be popular with existing residents. We cannot rely on the altruism of the well housed middle classes just as we cannot rely on the philanthropy of the millionaires and billionaires. We need government intervention and funding to both protect the most disadvantaged in existing communities and to provide for future generations. Too many politicians on the left have swallowed the localism mantra. Of course resident engagement in planning and housing is important but it is not a panacea and it is not a sufficient mantra to justify the abrogation of responsibilities of elected politicians.

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# The need for a new strategic approach

An aggregate of local initiatives will not deliver the homes we need. Current provision is only a third of what is needed. In London alone, we need to add 50% to the existing housing stock over the next 30 years. It is not acceptable for any national government to be neutral on the key issue of where people will live, work and play in the future. Growth is not solely a matter for the local district council or neighbourhood form. Incentives to local communities are not enough – the application of nudge theory is not a solution. Government at national, and regional level where it still exists, has a shared responsibility for deciding where homes should go and for funding the infrastructure to support new communities.

We need a national spatial plan, and we need regional and sub-regional planning back. We need to recognise that there needs to be some spatial redistribution of investment – and just following a volatile market does not constitute a strategy. Ministers of housing, planning and local government have a responsibility beyond just saying ‘it’s all up to you folks’. Government also has a role in ensuring that we have a construction sector which is fit to deliver, that we have a sufficiently skilled workforce and that we have the materials we need and the efficient supply chains. If materials and skills are in short supply, Government needs to direct them to the most urgent needs – and in this context this is social housing not upmarket luxury housing for the millionaires and the billionaires. Government has done this before in previous periods of austerity and crisis. While it can be questioned whether this really is an age of austerity, in the sense that limiting Government income and then limiting Government expenditure is a matter of political choice, from a housing perspective, there is certainly a crisis which in terms of shortage is equivalent to if not more serious than in the reconstruction periods after the first and second world wars.

## **First principles for a new housing strategy**

It is important to set out the core principles for a new progressive housing policy. This is necessary if we are to overcome the legacy of decades of half baked and ill thought out ad hoc initiatives.

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The following should be considered:

- The State should not promote one specific tenure over another.
- While recognising household aspirations, housing policy and programmes should seek to meet the differing needs of the full range of households, and focus support on households who are unable to access appropriate homes in the market sector and therefore need assistance to access housing which is secure and of good quality.
- Government subsidy should be focused on investment for longer term public benefit rather than on supporting the consumption of housing by individual households.
- Government subsidy should not be used to support capital appreciation by individual households. Any public investment in private provision must be based on equity retention by a public sector body, with a share in value appreciation being used for wider public benefit.
- As housing is in short supply relative to demand, there is a need to disincentivise the under use of existing housing stock, irrespective of whether the housing is in public or private ownership.

A number of policy priorities follow from the application of these principles to the current UK context. In setting out these proposals, it should be noted that housing and planning are devolved powers for Scotland, Wales and Northern Ireland. Both context and legislation are different for each nation. The propositions set out here relate mainly to England, though some aspects will also apply in the other nations within the UK.

**1. Public subsidy for the provision of social rented housing should ensure that access is on the basis of need and that housing remains available for use by such households in perpetuity**

In most parts of England, given the relationship between costs and household incomes, provision of housing for lower and some middle income households will require some form of public subsidy. Subsidy to investment in provision

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on the basis of social rented housing by a public body or other non profit making body should ensure that access to housing is on the basis of assessed relative need and remains available for use by such households in perpetuity.

2. **Collectively owned housing assets part-funded through the state** (i.e. by taxpayers) **should not be disposed of so long as there remains a household unable to access market housing for whom the asset is suitable.**
3. **There needs to be a government programme for funding regeneration and replacement of council estates which are no longer of an acceptable standard**, which is not dependent on raising private finance, increasing rents or cross-subsidy from private development. Estate regeneration should be based on the principle of no loss of affordable housing supply, unless there is an identified surplus.
4. **Rents for social rented housing** (local authority and housing association) **should be at a level affordable by households in low income employment without the need for support through housing benefit.** Applying a benchmark that no household should pay more than 30% of net household income in housing costs is a reasonable starting point. Social rented housing should have security of tenure. This is critical for low income households who will often have little other stability in their lives in terms of lacking secure employment.
5. **Financial support should only be given for private rented provision where housing is of good quality, is secure, affordable and accessed on the basis of housing need.** An element of the private rented sector should be regulated and subject to rent control. Private landlords should be encouraged to opt in to a regulatory system, which guarantees direct payment of housing benefit on the condition that properties meet a qualitative physical standard, that tenancies are for a minimum of 5 years, and that management is subject to regulation. This will create a stable and affordable component of the private rented sector and could supplement social housing provision.
6. **There should be no subsidies, tax incentives or allowances in relation to home ownership.** Individual home-owning households as well as landlords should be taxed on the value appreciation of properties owned, either on an annual basis or on disposal. Council tax bandings need to be expanded to ensure

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a higher rate of tax for owners of the most valuable properties. This tax income should then be used to support investment in housing for lower income households. There is a strong case for replacing stamp duty (as a tax on purchase) by property taxes which relate to value appreciation.

7. **The owners of vacant land and property should be subject to higher rates of taxation.** Similarly, householders who under-occupy dwellings should be subject to higher rates of taxation, with tax income generated then used to support investment for lower income households. This could be achieved through amendments to council tax. There also needs to be removal of the current arrangements for preferential tax treatment of international, non-domicile and corporate purchasers of residential property. In a context of housing shortage, it is unacceptable that a significant proportion of new residential development is not contributing effectively to meeting housing needs.
8. **There needs to be a higher rate of taxation on the transfer of property assets between generations.** It is unacceptable that inheritance is now the main source of funds for households to enter home ownership in higher value areas.
9. **Local authorities need to be empowered to acquire development land at close to existing use value,** so speculation in land is minimised and the costs of providing new homes are significantly reduced.
10. **Local planning authorities need to be explicit as to the public policy priorities for the use of development sites,** and have the power to reject development proposals which do not meet these public policy objectives.
11. **Unless a local surplus is identified, new development should focus on the provision of family sized homes which are affordable by lower and middle income households,** which are at low and medium densities and which have access to employment opportunities, public transport, schools, health facilities, leisure opportunities and quality open space. This may mean consideration of urban extension as well as small scale suburban intensification. This does mean we need more space. However we can provide

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decent affordable homes without concreting over the countryside. New settlements must meet environmental, economic and social sustainability objectives. In the past we have created new slums to replace old slums. We cannot make this mistake again. We certainly want to avoid continuing the recent trend of building higher and higher. This is neither cost effective nor socially sustainable.

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# Conclusion: Affordable, secure and decent homes for everybody

Poor and insufficient homes were for Beveridge a source of squalor. Squalor today is homeless people on the streets, families in Bed and Breakfast, overcrowded homes, homes in public and private sectors below the fitness standard, and children with no space to play or do their homework. Poor and insufficient housing produces ill health, poorly educated children, alcoholism, depression, crime and street disturbances.

All this adds to public costs - health service costs, education costs, social service costs, costs to the police and criminal justice systems and costs to the benefit system. Providing more and better quality homes which are secure and affordable for households whose lives are subject to external challenges and disruption, is one of the central cures for the ills of society.

The new Liberals of the pre first world war period such as Charles Masterman, Lloyd George, John Burns and Winston Churchill understood this; the post-war governments of Lloyd George and Ramsay Macdonald with progressive ministers such as Christopher Addison and John Wheatley understood this; the post second world war governments of Attlee and Churchill, with ministers such as Nye Bevan and Harold Macmillan understood this. Why is it so difficult for today's politicians to understand?

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# Notes

<sup>1</sup> **Beveridge, W** (1943) *Full Employment for a Free Society*, pp. 163-4.

<sup>2</sup> **Malpass, P** (2006) 'Housing and the Welfare State: Wobbly Pillar or Cornerstone?', *Housing Studies*, Vol 23 (1), pp. 1-19.

<sup>3</sup> For a review of the evidence on outputs of mixed communities, see **Tunstall, R and Lupton, R** for DCLG : *Mixed Communities*. Evidence Review (DCLG 2010)

<sup>4</sup> For example see **Gregory, J** (2009) for Fabian Society. *In the Mix*

<sup>5</sup> Speech at Labour Party Conference 27 September 2011

<sup>6</sup> *Together at Home* **IPPR** June 2012 especially pages 19-21

<sup>7</sup> **CLG** Live tables on Dwelling Stock. October 2011

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/stockincludingvacants/livatables/>

<sup>8</sup> **Gordon Brown**. Speech in the House of Commons. 10 December 2008

<sup>9</sup> **Bowie, D** (2008) *Housing and the Credit Crunch The Government and Property Market Failure* Compass Think Piece

<sup>10</sup> **Haywood, A** *End of the Affair* Smith Institute (2011) page 120

<sup>11</sup> Information provided by **Mayor of London** October 2012 in response to Freedom of Information request.

<sup>12</sup> A comparison of contemporary housing and planning policy with the post-war reconstruction periods is set out in **Bowie, D** (2012) *The Politics of Housing Development in an Age of Austerity*. Chartist Publications.

<sup>13</sup> **Shelter**, *Bricks or Benefits? Rebalancing Housing Investment* (May 2012); **IPPR** *Together at Home* (June 2012)

<sup>14</sup> See for example **Masterman, C** ed *The Heart of the Empire* (1902) and **Masterman, C** (1907) *To Colonise England*

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The Centre for Labour and Social Studies (Class) is a new think tank established in 2012 to act as a centre for left debate and discussion. Originating in the labour movement, Class works with a broad coalition of supporters, academics and experts to develop and advance alternative policies for today.



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