

Tackling Swindon's Housing Crisis

Swindon Council will soon be consulting on updating its Housing Strategy. It intends to develop what it calls “an overarching housing strategy, which will encompass social housing, intermediate and private market housing and include a refined approach to the challenge of vulnerable people facing homelessness.” This is **Swindon Tenants Campaign Group's** response to the Council's "Housing Market Support" document, which gave an outline of its policy. We examine the problems with this document and put forward some practical proposals for tackling the town's housing crisis.

For those reading the text off-line we have shown internet links in footnotes.

1. Introduction

“There is a significant unmet need for affordable rented housing for single people and couples.”

Swindon Strategic Housing Market Assessment

Last year Swindon Council voted through a document, “Housing Market Support”, which looks to develop an “over-arching” housing strategy, encompassing the different sectors of the 'housing market'. Although “Housing Market Support” did point out some of the elements of the housing crisis locally, drawing on the Council's “Strategic Housing Market Assessment” of June 2012, it neglected to mention *the most telling statistic* in it, that **each year there is a shortage of 800 “affordable homes”**. In other words each year *the shortage increases* and this is reflected in the continuing rise in the numbers on the Council's housing list. Without tackling this shortage the Council's housing strategy will fail to address the needs of wide sections of the town's population.

Whilst “Housing Market Strategy” held open the possibility of new Council house building its main emphasis was on private sector solutions. However, what seems obvious to us is that the town's housing crisis requires an increase in homes for 'social rent'. Council Housing and Housing Association housing is not part of 'the market'. The housing market produces houses as commodities, either for sale or for rent. As with any commodity you can buy (or rent) it *if you can afford it*. 'Social housing' is not a

commodity, the price of which is determined by market conditions, but serves a social purpose. Private builders and developers, on the other hand, produce housing to make a profit. Their yardstick is not social need, but 'demand' determined by what people can or cannot afford.

The roots of the housing crisis, both locally and nationally, lie in

- the introduction of 'right to buy' of Council housing
- the decline of support for 'social housing', and
- the explosion of credit for housing in the period leading up to the 'credit crunch' and the crash.

A growing proportion of the population cannot afford a mortgage. In the absence of an increase of available 'social housing' they are forced into the private rented sector, many of them struggling with high rents. That's why one in four of them now qualify for housing benefit.

How can this crisis be addressed? In our view the key question which the Council has to face up to is the “acute shortage of social housing”.

Does it accept the need for an increase of 'social rent' homes in the town, or not? If it answers 'yes', then we can at least begin to tackle the housing crisis. If it answers 'no' then it's policy will be one of allowing the housing situation in the town to deteriorate.

This document is a contribution from **Swindon Tenants Campaign Group** to the discussion on

what Housing Strategy is necessary to tackle the crisis. We analyse the roots of the national housing crisis, the situation we face in Swindon, what the Council is proposing and the policy which we think is necessary to tackle the crisis.

2. The Housing crisis

In order to understand the roots of the crisis in Swindon it's necessary to place it in its national context. The term crisis is often over-used. However, today few people would contest that there is a housing crisis in the UK. At a recent Council meeting Councillor Wayne Crabbe said that the town faces “not a housing situation but a housing crisis”. “The picture out there is quite dismal”, he said. He was right. The coalition government's housing policy is, as we will show, making matters worse. The dimensions of this crisis are well known. Insufficient homes are being built; less than half the number required to keep pace with new household formation. Even the coalition government has admitted as much. Former Minister for Housing and Local Government, Grant Shapps, in his foreword to the coalition government's “Affordable Homes Programme” for 2011-15 admitted that:

“Housing supply has simply not kept pace with demand. Too many families can't afford the housing they need. Many are locked out of the housing market by unaffordable prices and unobtainable mortgages. ”

The Department of Communities and Local Government's (DCLG) 2010 *Household Projections 2008 to 2033* said that 232,000 new homes per year were needed. This is the average annual figure for the projected growth in the number of households in England over a 25 year period. The DCLG estimated that there will be an extra 2.4 million households in England in 2018 from the 2008 baseline of 21.7 million and an extra 5.8 million by 2033. The average household composition declined from 3.1 per property in 1961 to 2.4 in 2001. The number of single person households increased from 12% in 1961 to 29% in 2011.

In the face of these demographic changes, the previous government's 2007 Housing Green Paper set the target of housing supply in England to 240,000 new homes *per annum* by 2016. It never got anywhere near this and the current house building figures are an indication of a deteriorating situation. There were 107,870 completions in England in 2010-11, 117,600 in 2011-12, and 107,820 in 2012-13 (DCLG Live Table 209). These figures compare with the 2007 peak of 170,610. In each of the three completed years of the coalition government the number of net additional homes¹ in the UK has declined, from 137,390, to 134,900, to 124,720. This compares with a high figure before the crash of 223,530.

The latest Housing Minister Kris Hopkins recently described the housing market “bequeathed by the previous government” as a “smoking ruin”. In fact the final year of the New Labour government saw a net additional dwellings number of 144,870. So last year's figure is 20,000 shy of that. The coalition government has been unable to match the numbers produced by “a smoking ruin”!

The estimates for the level of new building required may be contested but it is beyond question that there is a massive gap between what 'the market' is delivering and what is needed. The York University Housing Review for 2013 said that the 2011 Census results showed 300,000 households fewer than were suggested in the 2008 projections. However, they said:

"Nonetheless, the 2008 based projections still broadly hold as an indicator of projected levels of potential extra housing demand over the coming years. Growth in household numbers will exert continuing pressures on supply, and if this is not matched by a corresponding expansion of the housing stock *the probable consequence will include a resumption of long term house price inflation* (our emphasis)."

For those who might want to buy a home a

¹ This is the number of homes built, conversions of shops or other buildings to homes, minus the number of demolitions.

'crisis of affordability' began before the 'credit crunch' as a result of house price inflation outpacing earnings. In the decade up to 2008 prices **tripled**. The average house price in the first quarter of 1997 was £75,944. By the 3rd quarter of 2007 it had soared to a high point of £232,345 in the (DCLG Live Table 581).

Yet despite the decline of prices following the crash, the demand from lenders of larger mortgage deposits presented a barrier to first time buyers. At the same time there are insufficient 'social homes', reflected by the increase in housing waiting lists to 1.8 million households nationally, comprising an estimated 5 million people. Private rented accommodation has filled the gap, to the point where it has overtaken 'social housing' as the second largest tenure after home ownership. However, private rented accommodation is much more expensive than 'social housing', up to double the rent, and does not offer the same security of tenure. Mortgages for buy-to-rent landlords, for instance, have terms which typically restrict tenancies to no more than one year.

Home ownership in decline

The historic rise in home ownership to a high point of 71% was not the result of the growth of household wealth, but of government policy which enabled people who could not afford to buy a home under normal commercial conditions, to do so. Thatcher's 'Right to Buy' was the biggest stimulus to home ownership based on publicly-owned assets being sold on the cheap. In England alone 1,781,623 have been sold (DCLG Live Table 678).

'Easy credit' (aka "irresponsible lending") enabled many to buy a home on the open market who would otherwise have not been able to. At the height of the boom 100% mortgages were common and courtesy of Northern Rock we even saw the 125% mortgage. 'Self-certification' was widespread as lenders simply turned a blind eye to the real financial circumstances of the borrower.

Attempts to stimulate growth in home ownership

today ignore the fact that a decline was inevitable (now around 65%) so long as prices remain way above what people can realistically afford. The 'flexible labour market', insecure employment, and a fall in the value of wages have ensured that the decline in home ownership continues. The Economist has estimated that over 2010-15 the value of earnings will have fallen £6,600. In Swindon these economic conditions have been reflected in a rise of Housing Benefit (HB) recipients *in work* from 1,250 in November 2008 to 2,700 in November 2012, with a 740 increase since the coalition came into office (DWP figures).

Despite the ideological promotion of home ownership above other tenures the fact remains that a large proportion of the population does not earn enough to gain a mortgage. Just under 50% of the tax-paying population in 2012-13, had an income of less than £20,000 a year (DWP).

The latest DWP Family Resources Survey for 2011/12 shows an interesting picture of the low level of savings that most of the population have. Even people with a good wage had little or no savings. For instance, of people earning between £500 and £599 a week, 34% had no savings. Of those earning between £600 and £699 a week, 30% had no savings. Nearly 1 in 4 of the next two levels had no savings. This undoubtedly indicates a significant section of the population struggle to get by from month to month, and their mortgage will be a big factor in this.

Following the Mortgage Market Review new regulations come in on April 26th of this year which will tighten up on conditions for mortgages which may well lead to a decline in numbers granted. Lenders will be responsible for checking on the earnings and income of borrowers. 'Self-certification' will be outlawed. Lenders will also have to carry out an assessment of whether or not the borrower would be able to maintain payments in the case of an increase in interest rates.

What the 2011 Census tells us about the crisis in Swindon

The 2011 Census for Swindon mirrored the dominant national trends: a decline in home ownership and a big increase in private rental. The statistics for Swindon over the 10 years from the 2001 Census, show that despite an increase of 13,206 households over this period the number of people with mortgages *declined absolutely*, and even more steeply as a percentage of the number of households from 47.88% to 39.78%. 'Social' housing, despite a small increase in numbers, declined from 17.08% to 16.27% (see Appendix 2)

The biggest change has been in the private rented sector which more than doubled in size from 5,638 to 14,169 households. In addition the number of people living in the private rented sector (PRS) nearly tripled from 11,359 to 32,811. Nationally, the average number of people per household in the PRS increased from 2.01 to 2.31, indicating a significant rise in the number of families with children having to rent in this sector owing to the shortage of 'social housing', and because they either cannot afford a mortgage or cannot raise the necessary deposit. The English Housing Survey for 2011-12 estimated that one third of private renting households are families with children.

One of the consequences of the growth of the PRS has been a big increase in the number of people in receipt of HB. Most of the increase in HB recipient numbers in Swindon over 4 years has been in the PRS rather than 'social housing': from 2,660 to 4,686 from November 2008 to February 2013, as compared to an increase of 242 for 'social housing' from May 2010 to August 2012 (DWP figures).

Despite government cuts in HB for tenants in the PRS, expenditure has more than doubled, from £4.28 billion in 2007/08 to £8.67 in 2010/11 (the last year with confirmed expenditure). The number of private renters receiving HB nationally increased by 650,000 from 2007/2008 to 2011/12. More private rented accommodation means a higher national HB bill, not only

because of the steep increase in numbers but because HB payments are higher in the PRS than in 'social housing'; an average of £30 a week extra.

The Joseph Rowntree Foundation has estimated that the number of people in the PRS deemed to be in poverty (i.e. less than 60% of the median wage) doubled from 2 million in 2000/01 to 4 million in 2010/11. This reflects the much higher rent levels as compared to 'social housing' as well as the general decline in the value of earnings.

Swindon's Housing List

The scale of the crisis in Swindon is reflected in the relentless rise in the number of households on the Housing waiting list. The shortage of 'social housing' and the cost of private rented accommodation pushed the numbers on the list above 15,000 in January 2013, to 15,093. Just six months later this had risen to 15,835 households, comprising 13,462 on the waiting list and 2,373 on the transfer list (existing tenants of the Council and Housing Associations). In January 2013 the number of priority applicants on Bands A ('in urgent need') and B ('in need') passed the 7,000 mark for the first time; 7,010. Just six months later it was 7,378.

At a Swindon Cabinet meeting the new Lead Member for Housing asserted that: "At the moment the list is full of people who shouldn't be there, people who can probably afford to buy their own homes anyway." He offered no evidence for this assertion. How he could know this was a mystery since Council housing has not been a means-tested tenure. The waiting list application form has required no information on applicants' earnings. Indeed when challenged he admitted that *he had no evidence*.

In another attempt to play down the crisis, a recent Council document made the incorrect statement that those on Band C had 'no need' of housing. In fact, Band C is for those described as 'in low need' yet the statement was not corrected despite the error being pointed out.

This isn't a semantic difference. Many people in Band C *may* have adequate housing, so far as it's quality is concerned, but whether they can easily afford the rent they are paying is another matter entirely.

Yet the statistics for Bands A and B alone show the massive scale of the crisis. Nearly two thirds of applicants are waiting for one bedroom properties, the shortage of which is reflected in the fact that the Council only gave out 104 one bed tenancies in 2012-13. The situation has been exacerbated further by the number of people subject to the 'bedroom tax' who would need to 'downsize' to a one bed property to avoid being subject to the cut in their HB. Add these to the numbers on the waiting list and there are more than 5,000 households that qualify for one bed properties. Accommodating them all would take *around 50 years*, though *only if* the waiting list was closed. Clearly most of these people will *never* gain a Council tenancy without a major new building programme.

As you can see from the breakdown of figures in **Appendix 1** single people comprise more than half of these priority applicants. Whilst we don't have an age profile of those on the housing list one of the key drivers is undoubtedly the fact that young people are more commonly living with their parents way beyond an age they would have previously. The Office of National Statistics explained (News Release May 29th 2012, "Young people living with their parents"):

"The number of people aged 20 to 34 who still live with their parents increased by 20 per cent between 1997 and 2011, according to analysis published today by the Office for National Statistics (ONS). Nearly 3 million young adults were living with a parent or parents in 2011, an increase of almost half a million since 1997 – although the number of people aged 20-34 remained largely the same during this period. 1.8 million men and 1.1 million women aged between 20 and 34 were living with their parents in 2011.

While the numbers have grown steadily since

1997, so have the proportions. In 1997, one in four men and one in seven women aged 20 to 34 lived with their parents. This had grown to one in three men and one in six women by 2011."

This is undoubtedly reflected in the Swindon statistics, though we would need the age profile of the applicants to know the precise composition.

The biggest problem thereafter is the number of parent(s) who need either 2 or 3 bedroom homes, comprising a third of those on Bands A and B.

"Affordable homes" in Swindon

The New Labour government's "affordable homes" programme included 'social rent', 'intermediate rent' (above the level of 'social rent' and below market rent) and part-ownership. According to Swindon Council, over a 4 year period 342 "affordable housing" units per year were built. This includes "affordable" home ownership. In 2009/10 whilst 155 shared ownership homes were built only 46 were sold.

The so-called 'intermediate rent' level is only £6 a week lower than market rates (for a two bedroom property), so it's no surprise that the lowest level of demand comes from 'key workers'. As a consequence the SHMA suggested that the Council would either have to widen the definition of 'key workers' or change the designation of these units to 'general needs'.

In the 4 years from 2007/08 only 719 homes with a 'social rent' were added to the existing supply, less than 200 a year. The number has since declined. In 2012-14 only 145 "affordable homes" were granted final planning permission and only 42 of these were 'social rent' (Local Authority Statistics Dataset 2012-13).

For much of New Labour's period in office the only avenue for building homes for 'social rent' was via Registered Social Landlords (RSLs). Whilst the number of RSL homes in Swindon increased from 2,729 in 2001, to 4,113 in 2011,

the number of Council homes declined from 11,753 to 10,490. So over an 11 year period there was only an increase in available 'social housing' units of 121. Over the same period there was an increase in the number of households in the town from 75,154 to 88,360. Consequently the percentage of social housing declined roughly from 19% to 16%.

In the face of the housing crash the New Labour government did finally relent and allow Councils to apply for "affordable homes" grants. Swindon did start building Council housing again but on a tiny scale.

So you want to buy a house?

The Council's "Housing Market Support" document said that:

"The average property price in Swindon is currently £169,210 but there is significant variety between flats at £105,755 and detached homes at £273,155. There have been different recoveries experienced by these property types as flats are at an average of 20% below their peak values of 2008 whilst semi-detached and detached homes have recovered to their peak values or just below. "

Looking at the DCLG data the average price for Swindon was £175,184 at its high point in 2007. By 2009 it had declined to £159,256. The HMS figure above is not very far below its high point. The median price reached a high point of £159,950 in 2007, declining to £147,000 in 2009, up to £159,000 in 2010, and back down to £150,000 in 2011 (the last year on the DCLG Table for districts). The cheapest, lower quartile property reached an average of £132,000 in 2007 and was £116,000 in 2011.

These declines were not very steep and prices are still too high for many people. According to the Council's "Strategic Housing Market Assessment", to gain a mortgage the average person in Swindon requires 6.4 times their income. If there is more than one earner in the household the ratio is still 5:1. The Assessment estimated that 35% of first time buyers are

priced out of the market for a lower quartile (cheapest) priced flat, 55% for a lower quartile terraced house, and almost 64% for a semi. This assumes a mortgage based on three times salary which is on the low side. The Council estimates that on average an income of £31,814 is needed to buy a house, whereas the average income is said to be £26,260. The Department of Communities and Local Government Live Housing Tables showed the ratio of price to earnings for the lower quartile homes in Swindon to be 6.09 in 2012.

The average income quoted by the Council is, however, somewhat misleading. Looking at Gross Weekly Earnings for all employee jobs at the level of Parliamentary constituencies, the average or mean for South Swindon in 2012 was £23,894. However, the median, or middle point was £19,458. So half of all employees in that constituency earned less than that. The HMRC estimated that the mean for Swindon overall was £25,900. The median was £20,600. So half of all 107,000 income tax payers earned less than that.

When considering earnings levels and the ability to afford a mortgage you have to take account of the significant increase in the numbers of 'self-employed' nationally and locally. Whilst the growth of self-employment has been associated with "entrepreneurial" activity, for many people it is a means of trying to survive financially by scratching about for whatever work they can find. Some have been forced into it because of the difficulties of finding stable full-time employment, and do not earn the level of money required to pay for a mortgage, or if they already have one, struggle to maintain the payments. Self-employment income in Swindon was on average only £13,200, with **a median of only £9,790** (HMRC for 2010-11). According to the government's NOMIS website 12,200 people were self-employed in June of 2013, 8.5% of the working population.

Younger people are frozen out of home ownership by a combination of factors, including the jobs shortage and student debts. Nationally between 1991 and 2009/10 owner occupation

levels fell in the 16-24 age group from 36% to 14%, and in the 25-34 age group from 67% to 47%, hence the big increase in private rental. According to the Council of Mortgage Lenders the proportion of sales to unassisted first time buyers (i.e. without help from 'the bank of mum and dad') declined from a high point of 66% of sales in the south west to 30% in 2011. As well as the fact that first-time buyers commonly have to find deposits of up to 25%, the more precarious employment situation unsurprisingly makes many reluctant to commit to long term financial arrangements.

According to the ONS (Labour Market Statistics, November 2013), nationally 1,473,000 people are in part-time work only because they have been unable to gain a permanent job. Over the 10 years between the two Censuses there was an increase of 5,226 people in part-time work in Swindon. Unemployment in Swindon despite some increase in economic activity was 8,200 in September of last year (NOMIS database).

Growth of private rental

Private rented housing has increased enormously as a result of the shortage of 'social housing'. The latest figures from the DCLG show that private rented homes have just nudged ahead of the social rented sector, at just under 4 million in the English Housing Survey for 2012-13. We have already noted the massive increase of this accommodation in Swindon.

From January 2012 there was a change in the arrangements for Housing Benefit for the Shared Accommodation Rate. Previously a single person under 25 would get a lower rate based on an estimate of the cost of a room in shared accommodation. This lower rate has now been extended to single people under 35. The SHMA said of the situation in Swindon:

“In the longer term, reforms to Housing Benefit are likely to further reduce rates as a result of linking increases in Local Housing Allowance to the Consumer Price Index rather than the Retail Price Index, and increasing the age from 25 to 35 for single people claiming the rate for a room.

It is estimated that this will affect approximately 250 current claimants in addition to limiting access to self-contained accommodation in this sector for future single households. In addition, approximately 900 claimants in Swindon will be affected by the ending of LHA payments of up to £15 per week above the actual rent, with 700 losing more than £5 per week.”

“As some vulnerable people may not be suitable for sharing a house in the private sector, if a social housing tenancy is not obtained, there may be an increase in the length of time spent in supported housing before moving on, or a return to homelessness.”

It further said

“It is possible that the reforms to HB and LHA rates will discourage more private landlords in Swindon from letting to this group...It may also make it more difficult for the local authority to use this as an alternative form of temporary housing for homeless households, especially for families in need of a five bedroom house.”

PRS stock tends to be older. According to the English Housing Survey for 2011-12, 37% of stock is pre-1919 and 49.7% pre-1945. Despite improvements 35% is still 'non-decent'.

Currently the Council does not devote much in the way of resources to investigate the PRS and to press for the improvement of the standard of accommodation across the sector. The scale of increase in the sector between the last two Censuses in the town demands that it fulfils such a role more rigorously, which requires additional resources to the team responsible for this work. (See Pages 13-14)

The Council does have a Landlord Accreditation scheme aimed at educating landlords about changes in housing legislation and improving standards of comfort and safety of the PRS across the town. However, it's a voluntary scheme and there are only 30 landlords listed on the Council's website as having signed up to it.

3. Coalition government housing policy

As part of its austerity programme, when the coalition government came into office, it began by cutting the previous government's "affordable homes" programme by 60%. The gap in funding was to be paid for by tenants, through higher "affordable rent" (up to 80% of private rents) and higher levels of borrowing by the landlords. This cut was guaranteed to lead to a decline in new building. The only government money now available is for 'affordable housing' grant through the Homes and Communities Agency, though as we shall see it comes attached with conditions. The government has boasted that its programme would add an 'additional' 170,000 'affordable homes' over 4 years. In fact 72,000 of these are part of the previous government's programme. So-called "affordable housing" includes part-ownership homes, some of which is patently not affordable. As an example a home in London costing £705,000 qualified as "affordable" on the grounds that it could be purchased on the basis of 25% part-ownership. The combined rent and mortgage for it was £2,322 a month! (See [Behind the Spin on the Affordable Homes programme](#)² and [Not necessarily new not necessarily affordable](#))³.

"Social tenants have nothing to fear"

Prior to the general election a Labour Minister warned that a Tory government would end secure tenancies. Cameron denied this, saying it was "a smear". "We support social housing, we will protect it, and we respect tenants' rights", he said. "Social tenants having nothing to fear." A spokesperson for the Conservative Party said that they had "no policy to change the current or future security of tenure of tenants in social housing." Yet within weeks of coming to office,

²<http://keepourcouncilhomes.wordpress.com/2012/07/08/a-miserable-substitute-for-tackling-the-housing-crisis-behind-the-spin-on-the-affordable-homes-programme/>

³<http://keepourcouncilhomes.wordpress.com/2011/12/20/affordable-homes-not-necessarily-new-homes-and-not-affordable/>

together with the Liberal Democrats, the government announced plans to introduce 'flexible tenancies' ending 'secure tenancies' for new tenants. Its policy would also give Councils the 'freedom' to means-test new tenants for the first time.

The coalition also introduced an enhanced "right to buy", with higher price discounts, to encourage 'social tenants' to buy their homes. They promised that there would be 'one for one replacement' of those homes sold. As we shall see this has proved to be a baseless promise.

The 'bedroom tax' - a diversion from the need for new building

As part of their effort to drive down benefits the coalition introduced the 'under-occupation' regulations, which became known in the mass media as the 'bedroom tax'; a cut in housing benefit for working age tenants who were deemed to have 'spare' bedrooms.

The 'bedroom tax' was posed by the government as a means of addressing the shortage of 'social housing' and making 'better use' of the existing stock. Yet even from the standpoint of its declared intention it is illogical and ineffectual. Only working age tenants who are on HB are affected. Senior citizens, even those on HB, are unaffected. Swindon Council's Housing Needs Assessment in 2006 estimated that 56% of homes with 'spare rooms' were occupied by retired tenants. There is no reason to suppose that the percentage would be much different today. It seems most likely that somewhere in the region of two thirds of homes with 'spare bedrooms' are excluded from the 'bedroom tax' when you combine retired tenants with those paying full rent.

Swindon South MP Robert Buckland has admitted to "an acute social housing shortage", yet he, together with Swindon North MP Justin Tomlinson and the ruling administration in Swindon Borough Council have thus far remained silent on how this acute shortage will be addressed. They have supported the 'bedroom tax' on the grounds that it will 'free up

homes' for people on the waiting list. The MPs even suggested that the number of 'spare rooms' in our stock would accommodate all those people on the list, it's just that the tenants were living in 'the wrong homes'. This is patently untrue as we have shown above in regard to those who qualify for one bed properties where the 'bedroom' tax will add to the wait of those on the list.

What has happened in Swindon since the implementation of the 'bedroom tax'? Only 140 households have actually moved, showing that the impact on the 'acute shortage' will be marginal to say the least. Despite these moves there are still, at the time of writing, around 850 households still having their HB cut. However, as household composition changes then some of those currently not affected, will be.

The 'bedroom tax' is a diversion from tackling the housing shortage (see STCG Newsletter: **Campaigning against the bedroom tax**)⁴ Rather than trying to rearrange the tenants in the stock, treating them like numbers rather than human beings, the 'acute shortage' can only be addressed by building new Council housing and it is this that the MPs and the Council have thus far failed to face up to.

Swindon Tenants Campaign Group believes that the 'bedroom tax' should be repealed. Labour has committed to repealing it if elected and even the coalition party, the Lib Dems conference overwhelmingly voted at its recent conference for a review of it. Conservative Councillors in some areas have voted against it when debated at Council meetings. You cannot tackle a housing shortage by policing tenants and bedrooms but only by *cutting the shortage by building new homes*.

The 'bedroom standard'

The rules for the 'bedroom tax' are based on the 'bedroom standard', which according to a House of Commons Parliamentary Library report

⁴<http://keepourcouncilhomes.wordpress.com/2012/04/21/campaigning-against-the-bedroom-tax>

("Overcrowding", 26th July 2011) originates from 1935, when a bedroom for a couple alone was an aspiration under conditions where overcrowding was endemic. This 'standard' is today unrealistic, bearing no relationship to real life experience and the most usual life cycle which people go through. For instance, couples only qualify for one bedroom, yet as soon as they have a child they qualify for two. The rigid application of the 'bedroom standard' would mean that tenants of working age on HB would have to move again and again as their children grow up and eventually fly the nest. In practice the shortage of stock means that people cannot be moved about in this fashion. As well as the human cost there is a price to be paid by the Council because the greater the number of moves, the more rent that the Council will lose as a result of increased number of 'voids' (empty homes). Most tenants want stability, and a home, they do not want to be moving regularly, especially when they have put down roots in their local community. Neither should they have to.

The 'bedroom standard' actually inhibits pensioners moving because whilst many would be prepared to 'downsize' from a 3 bedroom house, they would like a 2 bed property because they want to be able to have their family visit and stay, which they could not if they moved into a one bed flat. Moreover it is not unknown for the rent on a one bedroom property to be higher than that which they are paying for a 3 bedroom house.

"Right to Buy" Mark 2

In Swindon 7,605 Council homes have been sold under the 'right to buy' (DCLG Live Table 648), leaving the town with around 10,400 properties. RTB has been a major factor in creating the shortage of genuinely affordable homes for rent. Previous governments took 75% of the receipts from local authorities and made them use the receipts to pay off debt. Councils were prevented building replacement homes. Today the coalition government has introduced its 'enhanced' RTB, with discounts of up to 60% for houses and 70% for flats. It said that the

new scheme would enable 'one for one replacement', i.e. a replacement home would be built for each one sold. Under pressure it did concede that this would happen on the national level but in some areas Councils would have insufficient funds to replace each home sold. Swindon is one such area.

The Council's initial estimate was that for every 30 homes sold they would only be able to build 7-9 replacements, meaning losing more than 20, lowering the stock and adding to the length of wait of people on the housing list. In fact we now know that in 2012-13 for the 40 homes that were sold under RTB, the Council only held on to £424,000; barely more than £10,000 per home.

Under the new Housing Finance system introduced in April 2012, 'self-financing', Councils were supposed to have 'bought themselves out' of the old system under which many of them suffered a 'negative subsidy' (the government took £9 million a year from Swindon's rent income to distribute to areas considered less well off than us). Yet despite the fact that the homes are supposed to be ours, not only does the government take a large amount of the receipts, but it is imposing [a central diktat](#).⁵ If a Council wants to use their RTB receipts, it can only do so if it accepts **two conditions**. Firstly the government won't allow them to use more than 30% of the money from the receipts for each house built. This would mean that the Council would either have to find from its own resources or borrow £989,333 in order to use the £424,000 receipts. Secondly, any home built has to be an "affordable rent" (i.e. up to 80% of the private market rent). Unless a Council accedes to these diktats then the government will **confiscate** its receipts. This is the action of a government which says it is introducing 'localism'. No wonder ex-Council leader Rod Bluh accused the government of "some of the most serious centralisation of power to date" and making a mockery of their 'localism' agenda.

5 <http://keepourcouncilhomes.wordpress.com/2013/09/23/right-to-buy-receipts-and-central-government-dictats-the-impact-in-swindon/#more-818>

Although it is galling to have central government rob us of these receipts we believe that, as other Councils have decided, Swindon should *reject this ultimatum* which would mean not only driving rents above 'social rent' level, but taking on more debt or using other resources to build such properties. Tenants would have to pay for this through their rents.

RTB has been one of the key drivers of the housing crisis, and **Swindon Tenants Campaign Group** has long held the view that it should be ended (See [Why the "right to buy" should be abandoned](#))⁶. That requires a change of national policy, of course, but the ruling group has supported the new enhanced RTB even though it is aware that we will lose stock which is desperately needed. Even though the numbers sold, with the increased discounts, are small, the Council *should not be supporting a policy which is increasing the housing shortage*. So long as RTB exists then we should be demanding that local authorities should be able to keep all their receipts and use them as they chose. (See "[Westminster's robbery of 'right to buy' receipts](#)"⁷

"Help to Buy"

The government's new 'Help to Buy' policy (See "[Help to Buy - promoting unsustainable debt](#)"⁸)⁸ was presented as a means of enabling would-be buyers to overcome the problem of large deposits which they could not raise. It has been widely condemned for the probability that it will inflate house prices. The House of Commons Treasury Select Committee raised serious questions about it. The Governor of the Bank of England and most recently the International Monetary Fund raised concerns about 'Help to Buy' boosting house prices whilst not promoting house building.

The attraction of 'Help to Buy' lies in the 5%

6 <http://keepourcouncilhomes.wordpress.com/2012/02/01/why-the-right-to-buy-should-be-abandoned/#more-381>

7 <http://keepourcouncilhomes.wordpress.com/2014/01/07/westminsters-robbery-of-right-to-buy-receipts/>

8 <http://martinwicks.wordpress.com/2013/08/16/help-to-buy-promoting-unsustainable-debt/>

deposit and the fact that the 20% 'equity loan' from the government is interest free for the first five years. However, like the infamous 'sub-prime mortgages' it has a sting in the tail. From year six there is an annual fee of 1.75% plus the Retail Price Index inflation increase, *plus* 1%.

The 'equity loan' is nothing other than borrowing with deferred payment. The borrower has to pay later and if interest rates rise, as they eventually must, many of them could find themselves in trouble. In addition, what sense does it make to offer support for somebody to buy a house at a price of up to £600,000? This is hardly aimed at first-time buyers. 'Help to Buy' also sits uneasily with 'social housing tenants' on Job Seekers Allowance having to pay for 'spare' bedrooms from their pittance of £71 a week.

The Financial Times commentator Martin Wolf hit the nail on the head when he said:

“This is good politics and horrendous economics. Since the peak of the boom, UK house prices have fallen by only 16 per cent in real terms, against some 40 per cent in the US. The ratio of median earnings to median house prices has fallen only 7 per cent from its peak. *The government is encouraging people to leverage themselves up to the hilt in order to buy what is already likely to be overpriced property and, as a result of this policy, is likely to become still more so* (my emphasis). This is irresponsible enough. But worse, the government will probably now find itself permanently using its balance sheet to support risky housing finance, as the US has done. The market cannot sensibly finance such high loan-to-value ratios. But this fundamental lesson from the crisis is now being thrown away.”

The decision to rush through Stage 2 of HTB earlier than originally intended, smelt of desperation. This provides a guarantee, that is state funding, for lenders, promising 15% of the loan if the borrower defaults.

One other key detail which has not received much notice is the fact that the 'equity loan' which the government is offering is not, as with a

mortgage, for a fixed amount. If the value of a home rises then the borrower will owe the government *more than the original loan*. Say, for instance, a £100,000 home rises in value to £150,000, then instead of having to pay the government £20,000 they will have to pay them £30,000, either when the house is sold or at the end of the mortgage term.

Dangers ahead?

Whilst historically low interest rates have produced a drop in monthly payments for current mortgage holders, these low rates have led some to take on more borrowing than they might otherwise have done. The Bank of England Stability Report (November 2013) cited an NMG Consulting survey which estimated that UK households with debts that exceed four times their income accounted for around 30% of UK mortgage debt. Households with debts that exceed five times their income accounted for nearly 20% of UK mortgage debt. Partly as a result of these high debt to income ratios, some borrowers have limited income available to absorb shocks. For example, according to the survey, 16% of mortgage debt is owed by households with less than £200 of income remaining per month after housing costs and essential expenditure. And nearly a third of households have less than £300 of income remaining per month after these costs.

The Stability Report said:

“A rise in interest rates would challenge more vulnerable borrowers, particularly were it to occur against the backdrop of subdued economic activity and weak income growth. Households with mortgages at high loan to income ratios — who tend also to hold higher levels of unsecured debt... may be particularly vulnerable. For example, a household with a capital repayment mortgage of 4.5 times their current gross income and 20 years still to run on their mortgage is typically spending about one third of their gross income on mortgage payments at current interest rates. Assuming no change in their income, such households would spend an additional 6% of gross income on

mortgage payments if the mortgage rate they face were to rise by 2 percentage points.” The Bank of England was sufficiently concerned about the dangers of house prices being driven up by increased mortgage activity, without a significant increase in building, for it to have decided to end mortgage lending via the government's Funding for Lending scheme.

Land Prices

One of the curiously little discussed issues which has a major bearing on house prices is land values. The price of residential building land increased phenomenally during the housing boom. To see why house prices in London are so much higher than the rest of the country you only have to look at “average valuations of residential building land with outline planning permission” (Table 563, DCLG). Before the crash in 2008 the cost of a hectare of land in London was £10,490,053 (January 2008), more than double the price of even the South East, which was £4,013,138 and the East at £3,610,612. The South West of England was £2,851,832 per hectare. London only broke through the £2 million per hectare level in 1995, at a time when every other English region was below £1 million. The average in the South West was £591,412.

The crash in 2008 caused a steep decline in building and this dragged land valuations down, though still leaving them at historically high levels. London declined to £6,136,222 in July 2009. The latest figure for the South West was £1,501,729 in July 2010.

The reasons for these valuations are the subject of a wide debate and are beyond the scope of this paper. However, Swindon's “Strategic Housing Market Assessment” says nothing about Land Values. In order to get a picture of the local housing market it should surely track land valuations and prices.

Land can be subject to speculative buying where 'developers' expect new housing to be built. Developers will buy up land and hold onto it until they think they can get the best possible price.

There is a national discussion of Land Value Taxes and if Swindon has anything to say in relation to this issue then we need to know what local Land prices are and what impact they have on the local housing market.

Obviously prices vary according to location. A cursory look at land prices in Swindon on Zoopla shows:

- A plot of land for one home with slightly over 2,000 square feet, at Broome Manor, is going for £250,000
- A plot in Purton for four 4 bedroom homes on 0.75 acres for £850,000
- A plot of land in Ermin St, Stratton, with outline planning application for 12 dwellings on 0.57 acres, for £785,000.
- A plot in Wroughton with a derelict bungalow on just over 0.5 acres, for £350,000.

When you consider that a hectare is 2.47 acres then even the Ermin St site, not the most expensive of areas, is equivalent to over £3 million a hectare, double the latest average valuation for the South West in the DCLG table. Outline planning permission makes all the difference, of course, as can be seen by the fact that 4.8 hectares of land at Lower Wanborough, where a planning application had been rejected would only set you back £240,000.

This is just the briefest snapshot. However, the Council should certainly keep track of prices and expose speculation which has a detrimental impact on house prices.

4. What does the Council propose to do to tackle the housing crisis?

The reluctance of Swindon Council's ruling group to challenge national policy has led it to a series of proposals which are in line with the coalition government's failed housing policy. Its main proposals relate to the PRS and home ownership. It is considering a joint business venture with a developer, and possibly

a Housing Association, to build private rented accommodation, with a view to longer term tenancies than are currently common in the sector; ten years or more. This mirrors government policy of seeking 'institutional investors' in the PRS. However, concentration on private rented accommodation would be *counter-productive* in two respects. Firstly, as "Housing Market Support" admits, "private renters are twice as likely to struggle to pay their housing costs compared to any other tenure". Secondly, if the PRS continues to grow, with their current high rents, the result will be the driving up of the HB bill.

In addition, part of the proposal to support the building of homes for private rent is the idea of providing these renters with the 'incentive' of building up 'equity' in these homes. For each year as a tenant, they would receive 0.5% equity stake in the home if its value had risen by more than 1% over the same period. It's difficult to see what would be the point of such a proposal if you consider that a 20 year tenancy would give them 'ownership' of 10% of the value of the home after 20 years. They would hardly be on the road to home ownership.

PRS Enforcement Policy

The 2004 Housing Act placed a duty on Local Authorities to keep the housing stock in its area under review and to identify any action required under the provisions of the Act. Councils must have in place local Private Sector Housing Renewal Strategies and Enforcement Policies setting out their proposals. The Council's policy is contained in its document, "Policy for the Regulation of Housing Standards and for the Licensing of Houses in Multiple Occupation." It says that

"The Council aims to maximise the availability of private rented accommodation in Swindon and ensure that it is of a decent standard to protect the health and safety of tenants."

It has specific duties in relation to Houses in Multiple Occupation, some of which have to have a license: those with 3 or more stories

occupied by five or more tenants in two or more "households" ⁹. The Council has the legal obligation to ensure that such HMO's are licensed. Their latest estimate is that there are around 1,000 of these, though they do not know the addresses of around 200. This is a big enough job since they are supposed to be inspected at least every five years.

In addition to its legal obligations in relation to HMO's the Policy document says that

"Swindon's HMO standards are considered appropriate for all types and sizes of HMO whether or not they require licensing."

Indeed, "routine risk based inspections of HMO's will continue whether or not a license is required".

The Council says that HMO's have traditionally fulfilled a need for cheap accommodation, though it "has often been associated with the poorest housing conditions and highest risks to health and safety". Government research shows that households living in bedsit accommodation are 6 times more likely to die in a fire than the national average for all households. This risk rises to 16 times the national average if the bedsit is on the third or higher story. Keeping track of these premises, whether or not they require a license, is therefore, important.

As well as being responsible for the HMO's the Council's staff have to respond to hundreds of complaints about the standard or condition of private rented accommodation from tenants (never less than 500 a year). It also has responsibility for issuing improvement grants (584 were issued last year).

In addition to carrying out the requirements of the 2004 Housing Act the Council also has a duty to investigate complaints of statutory nuisance, defective sanitary appliances and drainage or other associated matters.

So who carries out these onerous tasks? The

⁹ For a more detailed definition visit <http://www.nationalhmonetwork.com>

Residential Services Team is responsible for enforcing the law in relation to the PRS. However, the team has only 6.1 full-time-equivalent posts. Moreover, only 3 of the team are Enforcement Officers. Whilst we don't have an updated figure for the number of households in the PRS since the 2011 Census, we can guarantee that it will be higher than it was 3 years ago. So 3 Officers are probably responsible for somewhere in the region of 5,000 properties each.

We would suggest that this is clearly an impossible task for such a small team. If the Council is to carry out its responsibilities and to seriously seek to improve the quality of accommodation in the PRS throughout the town then this team requires additional resources. The number of private dwellings the Council could build would have a marginal impact on the PRS sector. There is also the consideration as to whether such a policy would add to the high debt level that the General Fund has. It would make more sense to devote resources to trying to improve the quality across the sector as a whole, and the return on better regulation is likely to be greater than the level of spending which would be required to build new private rent homes.

An 'indemnity guarantee' for mortgages

Such is the scale of the national housing crisis that "Housing Market Support" admits that "it is currently unclear whether, when and how people will achieve their home ownership goal". So the other proposal of the Council is to get into the mortgage market itself by participating in the Local Authority Mortgage Scheme (LAMS). Like the government's 'Help to Buy' scheme this is designed to bridge the gap between the deposit that a would-be house buyer could afford, for example a 95% mortgage with a 5% deposit, and the deposit that the banks and financial institutions are demanding currently, up to 25%. The Council would provide an 'indemnity guarantee' which would risk £30,000 if the lender made a loss.

We are told that 84 local authorities signed up to this national scheme, though only half of them are "currently operational". This has produced the paltry sum of 1,200 mortgages nationally. In the case of Swindon the Council estimates that it would support around **30** first time buyers. This would be much effort for little return. The impact on the local housing situation would be marginal to say the least, risking money for little result.

In Swindon, as nationally, part-ownership, supposedly designed to help people who really couldn't afford to buy a house to 'get their first foot on the housing ladder' has been a damp squib. Only 80 of these per year have emerged over the 10 years between the 2001 and 2011 Censuses.

So long as prices remain so high then many people will be unable to afford a mortgage and/or the deposit currently required for first time buyers. Helping people who do not earn enough to afford the current level of prices to take on a mortgage at such levels is irresponsible and storing up problems. **The Council should abandon the idea of participating in the LAMS.**

Council Housing?

"Housing Market Support" says that the 'self-financing' settlement of the Housing Revenue Account "presents some opportunity for new build and regeneration projects". The 30 year HRA Business Plan will be updated "in parallel with the Housing Strategy" in order to maximise the delivery of "additional affordable housing". To that end they propose establishing a development team. However, the document says that it depends on "the availability of Homes and Community Agency resources" for the development of "affordable housing, regeneration delivery, availability of Council owned development land and the return of empty homes to use".

"Housing Market Support" offers the prospect of building more Council housing for rent "and/or" developing a strategy for "a whole market approach to housing". The "or" indicates doubts

as to whether they are willing and able to build more Council housing.

Council rents for Council homes

If new build is dependent on HCA funding then that presents a big problem. HCA funding for 2011-15 was based on the model of "affordable rent" of up to 80% of market level. (See "[What is the 'Affordable Rent Model'?](#)")¹⁰. **Swindon Tenants Campaign Group** is opposed to "affordable rent" because it is *unaffordable* for many people on the waiting list and drives rents above 'social rent' towards private market levels. It will add to the HB bill because of the higher rents.

A recent report which examined the experience of "affordable rent" in London showed that for every new home built 4 existing homes with a 'social rent' were converted to "affordable rent". Before his departure, the last Housing Minister Mark Prisk announced that for the next round of "affordable rent", after 2015, landlords will have to increase conversions *and* sell some homes when they are void (i.e. empty when a tenant leaves or dies). *This will reduce the stock of 'social rent' homes adding to the shortage of genuinely affordable rent homes.*

Although Swindon Council has not discussed the implications of the "affordable rent model" it proposed to use it in the case of 'regeneration' of Sussex Square in Walcot. The Cabinet took a decision to proceed on the premise that they had to charge "affordable rent" because they would not have sufficient funds to proceed with the project if they charged Council rents. However, the Council's Deputy leader subsequently said that they will be applying for money from the HCA so *that's why* they will have to apply "affordable rent".

We said at the time that such a decision should not be taken without discussing the implications of "affordable rent". Whatever the reason for introducing it, it would mean the loss of homes

¹⁰<http://keepourcouncilhomes.wordpress.com/2013/07/26/801/>

with Council rents, that is, a cut in the number of genuinely affordable rent homes. *This is a line we should not cross.* Council homes should have Council rents. We need more homes with genuinely affordable rent, not less.

When we eventually were provided with more detailed financial information on the Sussex Square scheme, we discovered that the difference in income between Council rent and "affordable rent" is around £1 million, but this is over 30 years. This is a manageable sum in order to defend the principle of Council rents for Council homes.

We would add that, given the conditions for receiving grant from the HCA, Swindon should **not** be applying for HCA Funds for the next round, since it would lead to the loss of Council rent homes.

The Prospectus for the second round of the "affordable homes programme" has just been published ("[Affordable Homes Programme: an offer that should be refused](#)")¹¹). All bidders have to accept the strings attached. Not only does a Council have to agree to 'conversion' of existing homes from Council rent to "affordable rent" but it will also have to sell off some of its existing stock on the open market when they become void. So for the addition of some new homes at rents which are unaffordable for many, they have to agree to push rents up towards market levels and sell off some of our scarce stock. To bid for funding under this government scheme would be a big **strategic** mistake which would be tantamount to accepting a decline in the number of 'social rent' homes available to the Council.

Secure Tenancies for existing tenants and future ones

In line with government policy the Council carried out a consultation on a 'tenancy strategy' (See "[Swindon Council's Tenancy](#)

¹¹ <http://keepourcouncilhomes.wordpress.com/2014/02/03/affordable-homes-programme-an-offer-that-should-be-refused-2/>

Strategy)¹². It proposed ending 'secure tenancies' for new tenants and introducing 'fixed term tenancies' with an earnings threshold. Above this level (as yet unknown) a household would not be allowed to join the Housing Register. Any existing tenants whose household income rose above the threshold would be forced to leave their home at the end of their fixed term. In effect the Council wants the right to force out tenants who have done nothing wrong save increase their earnings.

This will introduce a two tier tenancy system, since existing tenants will maintain their 'secure' tenancy. The Council will have greater power over the lives of tenants; the power to worsen their financial circumstances, forcing them into private rented accommodation, with rent which could be double their Council rent. The level that they would set the earnings threshold at would be determined by their estimation of what income was required to be able to buy a home or pay a private rent. That, of course, is not such a simple business. Just because the Council estimates an average income necessary to buy a house, it does not mean that a tenant *will* be able to get a mortgage, especially given the substantial deposits that are required currently. The size of family obviously has an impact on how far its income stretches and their financial circumstances will vary.

Introducing a means-test will mean employing staff time to police earnings and to make an assessment as to whether each fixed term tenancy should be renewed or ended. *The Council has made no assessment of the cost of this.* Given that there are around 500 'general needs' tenancies given out each year (excluding sheltered tenants who are unaffected), within ten years **half** the stock would be subject to fixed term tenancies, *meaning 5,000 reviews will have to be carried out.*

This policy will also have an impact on tenants who have their tenancy renewed. If their household composition changes they will be *forced to move*, regardless of their wishes. If the

12 <http://keepyourcouncilhomes.wordpress.com/2013/06/>

Council was unable to find them a smaller home to 'downsize' into then anybody in receipt of HB would be subject to the 'bedroom tax'. It seems that 'tenant choice' is dead and buried.

Swindon Tenants Campaign Group, together with other tenant groups in Swindon, opposed fixed term tenancies and turning Council housing into a means tested tenure. The very idea of means-testing Council housing is based on the assumption that it is a form of social welfare; a tenure for the poor and the 'disadvantaged'. It was never conceived as such. It is not charity, but a socially necessary housing tenure, necessary precisely because the private house builders were uninterested in building homes for the mass of working people. Following a derisory 'consultation' the Council is pressing ahead with these changes, including throwing roughly 8,000 households off the list by closing down Band C. **Swindon Tenants Campaign Group** will campaign to reinstate secure tenancies for all tenants, and Band C. The Council has agreed to our proposal for a review after one year.

“Rent equalisation”

Last year, after input from tenants, the Council decided to raise rents only at the level of inflation, below the 'rent equalisation' level of RPI + 0.5% + £2. **Swindon Tenants Campaign Group** has argued that 'rent equalisation' was making it more difficult for tenants to afford rents. Moreover, one of the consequences of year on year above inflation rent increases has been the driving up of the national HB bill.

The government announced that it is ending the rent equalisation process. We welcome that. Rent equalisation was largely a means of driving up Council rents to Housing Association levels. Historically the latter were 20% higher than Council rents for the reason that HA's had to borrow money at commercial rates of interest whereas Council's borrowed money at cheaper rates from the government's Public Works Loans Board. The rationale behind the policy appeared to be that if Council tenants had to pay the same rent as Housing Association tenants then there

would be less resistance to 'transfer' of the stock. The New Labour government had set itself a target of 'transferring' 200,000 homes a year.

The coalition government is now proposing rent increases of CPI plus 1% though this is a maximum level and not one which the Council has to follow. It's impact on the Council's 30 year 'business plan' will have to be examined. However, rent increases year on year above the rate of inflation can only end up making Council rents unaffordable for more people. Above inflation increases should not be built into the 'business plan'.

5. How can we tackle the crisis?

Clearly any housing policy has to relate to the three main tenures. A local Council has to operate within the existing policy set at the national level. However, that does not mean that it has to behave as if national policy was an act of God, about which it can do nothing. *If national policy restricts its ability to tackle the local housing crisis then there is nothing to stop the Council arguing the case for a change of policy.* The ruling group is, after all, part of the political party which heads the coalition government. It can challenge existing policy and press for changes which will facilitate it doing more at the local level.

There are channels of communication and organisations which collectively press for a change of policy. For instance the Local Government Association, which brings together representatives of local authorities, continues to press for an end to the borrowing limits set by the government. For those authorities that own their own housing stock there is ARCH, the Association of Retained Council Housing. Both of these organisations combined to produce a document arguing the case for ending the borrowing cap to enable Councils to build more new homes.

The Private Rented Sector

The 2004 Housing Act introduced compulsory licensing for Houses in Multiple Occupation (HMO), with 3 or more storeys and 5 or more tenants. It is an offence to operate one without a license, with a maximum fine of £20,000. It is a local authority's responsibility to ensure that all such properties are licensed. They also have the power to introduce licensing for other types of HMO in a geographical area or across a whole town, to address issues of quality.

The same Act gives local authorities the option of introducing selective licensing of all privately rented properties in a designated area, for instance where there might be problems of anti-social behaviour. Because there has to be a definite reason for introducing selective licensing, and there has to be a consultation, the number of local authorities that have introduced it is small; only 16. Swindon should examine the experience in Newham where the Council has set up a licensing scheme and in Oxford where they have introduced licensing for all HMO's. A special investigation by "Environmental Health News" has recently shown that this can be a useful means of tackling 'rogue' landlords. The 16 English local authorities with a selective licensing regime have prosecuted 217 landlords for failing to obtain a license and 87 for HMO and hazard offences.

Instead of using its own resources to promote the PRS the Council should concentrate its efforts on improving the quality of accommodation which private tenants have. Even if it were to promote the building of PRS homes the numbers it would be able to produce are unlikely to have a significant impact on the sector. *It would make more sense to devote resources on striving to improve quality throughout the sector.* According to the English Housing Survey 2011/12 35% of PRS homes fail the Decent Homes Standard and 21% failed the Housing Health and Safety Rating System. In 2012/13 Swindon Council estimated that over 11,000 private homes had serious (Category 1) HHSRS hazards. We don't know the breakdown of this figure but it is likely to include a significant number of older properties in the PRS.

The issue of safety in PRS has recently been highlighted by the case of a death in a private rented flat in Rodbourne. Although the coroner decided that it had been an “accidental death” he pointed out that death might not have occurred if the flat had a smoke alarm fitted. That it is not a legal requirement for private rented property to have smoke alarms more than 20 years after they became obligatory in new homes, is a disgrace. As it happens the government is currently carrying out a review of the PRS, including the question of whether or not it should introduce regulations which would make it compulsory for the PRS to have smoke and carbon monoxide alarms. We are calling for such regulations to be introduced (See “[Smoke alarms and safety in the private rented sector](http://keepourcouncilhomes.wordpress.com/2014/02/23/smoke-alarms-and-safety-in-the-private-rented-sector/)”¹³). Should they be introduced that would be one more reason for the Council to increase its resources because they would be responsible for ensuring that landlords adhered to the regulations.

As “Housing Market Support” points out, 'Buy To Let' mortgages don't for the most part allow tenancies beyond 12 months. It's the resulting *insecurity of tenure* of PRS which makes life difficult for tenants and is one of the reasons for a 33% annual turn-over. Short-term tenancies create difficulties for families with children, potentially disrupting their schooling owing to enforced moves. The Council is right to look towards longer tenancies, but the numbers of such tenancies that it would be able to promote, even if it can find the backers for such a proposal would be a small proportion of the PRS in Swindon.

The Council should carry out more detailed research into the PRS in Swindon. We would suggest a survey in the sector to get a better picture of the relationship between private tenants and their landlords, the quality of the accommodation, repairs, tenancy-lengths, down-payments and so on. We should draw on experience elsewhere such as the survey that Reading Council is conducting in the PRS as

13 <http://keepourcouncilhomes.wordpress.com/2014/02/23/smoke-alarms-and-safety-in-the-private-rented-sector/>

part of its '[Let's Talk Housing](http://www.reading.gov.uk/documents/consultation/2013/25306/LTHPrivateRentedConsultation.pdf)'¹⁴ consultation. Finally, using Council land for private rented accommodation will mean the loss of land which could be used more fruitfully for Council housing.

Write off the housing 'debt'

Given the scale of the housing crisis and the complete failure of government policy to bridge the gap between social needs and what the private providers are delivering, there is need for **urgent action**. One idea that **Swindon Tenants Campaign Group**, amongst others has put forward, is to press the government to write off the 'debt' which local authorities were given in the 'one-off debt settlement'.

When the new housing finance system was introduced in 2012 Swindon was given £138.6 million extra debt as it's share of the supposed national housing debt. Much of this national 'debt' was mythical, the result of Central government accountancy tricks. Given the fact that there has been so little Council house building over the past 30 years most of the actual historic debt from house building had long since been paid off. £5.6 billion of it was the result of the New Labour government's decision that the cost of their Arms Length Management Organisation programme would be paid for by all tenants. It was simply loaded onto the national housing debt.

We have written elsewhere about why this 'debt' should be written off (See “[A debt to tenants – why 'historic debt' should be written off](http://martinwicks.files.wordpress.com/2012/11/housingdebt.pdf)”¹⁵). Writing it off would be both an act of justice for tenants and would have the practical advantage that it would enable Councils to rapidly increase their expenditure both on the upkeep of their homes and on new build. So in the case of Swindon this would provide us with somewhere in the region of £10 million extra a year for new build and improvement of existing stock.

14 <http://www.reading.gov.uk/documents/consultation/2013/25306/LTHPrivateRentedConsultation.pdf>

15 <http://martinwicks.files.wordpress.com/2012/11/housingdebt.pdf>

Writing off the bogus 'debt' would nominally cost the government around £13 billion¹⁶ (compared to £15.5 billion for 'Help to Buy'), but that is a pittance compared to what they and the previous government have handed over to the banks by way of 'quantitative easing' - £375 billion. The increased spending by local authorities that would result from such action would provide a boost for local economies in socially useful production and would boost jobs. Even if the debt was suspended for a number of years this would provide scope for increased building of new Council homes.

Swindon Council should call on our MPs to support such a proposal and press the government to take action along these lines.

A Council house building programme is necessary to tackle the crisis

Whilst there is certainly a need for an increase in 'supply' of homes, the crisis cannot be resolved simply by numbers, irrespective of social needs. The worship of home ownership has created an atmosphere in which those who don't own a home are identified as having 'failed' in life. It is true that if asked most people will say they would like to own their own home. But as research by Shelter has shown, for tenants who express such a view, security of tenure and genuinely affordable rents are their first priorities.

Sooner or later the country will have to face up to the need for a new Council house building programme to address the "acute social housing shortage". Trying to force tenants into jobs which are hard to find, or to 'downsize' into smaller homes of which there are few, is not only callous and inhumane; it will have only a marginal impact on the housing crisis.

The longer that this recognition of the social need for a new Council house building programme is delayed, the greater will be the housing crisis. Despite popular prejudice, stoked by the propaganda of the government and parts

¹⁶ This was the total 'debt' loaded onto local Councils.

of the mass media, Council housing currently receives no subsidy. (HB is subsidised from general taxation but it also applies to private tenants as well.) Councils' only income is tenants' rent and service charges. Moreover, the 'debt' burden has to be paid by the tenants. With 1.8 million households on the housing lists nationally, and 15,835¹⁷ in Swindon, it's clear that the only way that these numbers can be put into reverse is by a Council house building programme. Whilst this requires a change in national government policy the door can be pushed open by local authorities and tenants stating the obvious and pressing action. What is clear is that 'the market' offers no solution to the housing crisis. Nationally, privately built homes for sale only broke 150,000 in England in one year, at the height of the housing boom. Prior to that, the last year it did so was 1989. There is no prospect currently of private builders reaching this level, which means that the only possibility of getting anywhere near the numbers needed is by way of a large scale Council house building programme.

The Local Government Association has called for the government to end the debt ceiling it has imposed so that Councils can borrow more than they are currently able, opening up the prospect of increasing the number of Council homes they could build. Whilst they should be free to do so under 'self-financing', there are limits to how much debt councils could take on. Increased debt payments would eat into their rental income which is currently the only source of income they have for maintaining their stock, as a result of the introduction of the 'self-financing' system (95% of income to the Housing Revenue Account is rent and service charges).

The Council aside £1 million last year to buy existing homes which are for sale on the open market, largely on Council estates. However, this won't compensate for the loss of stock through RTB.

In Swindon the Council *can* build some homes every year. As the debt imposed by the 'one-off

¹⁷ The Council has recently decided to close Band C and to wipe around 8,000 households off the waiting list.

debt settlement' is paid off, the borrowing limit rises. So after a £5 million debt payment in each of the first two years of the new system, the borrowing 'headroom' has risen from £21 million to £31 million in April of this year. If the Council borrows £10 million from the Public Works Loans Board, it could build perhaps 100 homes, possibly more. The rental income would certainly be sufficient to cover the interest payable on that borrowing. Whilst there is a balance to be struck between expenditure on the upkeep of existing stock, and new build, it is possible for some new building to be carried out every year *without recourse to HCA money*.

It seems clear that house building on the scale necessary to tackle the shortage and to put the Housing list numbers into reverse, requires national subsidy. The current government's austerity measures preclude such a step. However, as a Guardian editorial recently said, the failure of the government's housing policy is reflected in the gap between 100,000 (houses being built) and 240,000 (needed). We don't have to wait passively, we have to campaign for a change in national government policy.

One final point. Given the preponderance of waiting list numbers qualifying for one bedroom properties there may well be an inclination to build mostly one bedroom properties. This would surely be a strategic mistake, based on a short-term time scale, because when the social demography changes, an increase in the numbers of young families could well lead to a return to over-crowding because young couples would be stuck in one bedroom properties, with the Council unable to move them into two bed or bigger properties. Moreover, three quarters of RTB homes lost last year were family homes, 3 bed or bigger.

6. Conclusions

Swindon Tenants Campaign Group is proposing the following measures to tackle the housing crisis in Swindon.

1) An annual Council house building

programme.

The scale of the housing crisis in Swindon demands an increase in the provision of homes with genuinely affordable rent. The increase in private rented accommodation includes much speculative activity which offers high rents with an absence of secure tenancy which is especially needed for families with children at school. A Council house building programme is required to address this shortage. How large a building programme we can carry out is a practical question which needs to be balanced with the need to maintain the standard of our existing stock.

An annual programme, even if smaller than we would wish, is crucial to develop the necessary staff expertise to carry out an annual programme and to put in place the infrastructure to build on a larger scale should more resources become available. It will also have the merit of halting the slow decline of our stock numbers.

2) A survey of private sector tenants and housing stock, and increased resources for policing the PRS.

Instead of seeking to become a provider of private rented accommodation the Council should devote more resources to the Residential Services Team if its stated aim of improving standards across the PRS in the town is to be brought to fruition. The increasing size of the PRS stock means that this should be a priority. The Council should examine licensing all HMO's and using a selective licensing system, drawing on the experience in other towns.

3) The Council should not join the LAMS scheme to become a mortgage provider.

The numbers of mortgages that it could provide are so small as to have a negligible impact and would risk losing money in the case of default.

4) The Council should campaign for the writing off or suspension of the Housing 'debt' associated with the 'one off debt settlement'.

Given the scale of the housing crisis, both locally and nationally, this measure would promote socially useful Council house building and would create employment for unemployed building workers. It would provide significant extra resources for both new build and maintenance of the existing stock.

5) The Council should *not* apply to the HCA for funding under current conditions.

The grant available from the HCA comes with unacceptable conditions attached. It would lead to a reduction in the numbers of Council homes with Council rents and the selling of some of our homes as they become void. We should oppose driving up 'social rent' towards market levels.

6) The rent for the new homes to be built in the Sussex Square regeneration should be set at 'social rent' instead of "affordable rent" level.

Swindon Council should oppose the introduction of "affordable rent" in the town. The assertion that charging Council rents in Sussex Square is 'unviable' is simply not true.

7) We should press for an end to RTB, as is happening in Scotland.

RTB, especially in conditions where there is hardly any council house building taking place, is responsible for a slow decline in the Council housing stock, both locally and nationally. The policy should be abandoned. So long as it continues we should demand a change of policy so that Councils can keep all the receipts from RTB and determine how the money is spent, without central government conditions.

Martin Wicks
For Swindon Tenants Campaign Group
 March 2014

For feedback and comments email us at stcg@btinternet.com

Appendix 1
July 2013 Swindon Waiting List and Transfer List

Household Numbers	Type of household	Percentage
3,853	single people (excluding pensioners) waiting for 1 bed properties	52.22%
521	couples (excluding pensioners) waiting for 1 bed properties	7.06%
1,122	parent(s) with one dependant waiting for 2 bed properties	15.20%
1,246	parent(s) with 2, 3 or 4 dependants waiting for 2 or 3 bed properties	16.88%
58	parent(s) with 5 or more dependants waiting for 4 or 5 bed properties	0.78%
27	OAP families with 1 dependant waiting for 2 bed properties	0.36%
0	OAP family with 2 dependants waiting for 3 bed properties	-
388	OAP single persons waiting for 1 bedroom properties	5.25%
163	OAP couple waiting for 1 or 2 bedroom properties	2.21%

	Waiting List	Transfer List	Total
Band A	37	362	399
Band B	6,276	703	6,979
Band C	6,222	1,304	7,526
Band D	927	4	931
Total	13,462	2,373	15,835

Single People (Qualify for bedsit or 1 bedroom)

	Waiting List	Transfer List	Total
Band A	19	144	163
Band B	3,653	37	3,690
Band C	1,612	287	1,899
Band D	315	1	316

Couples (Qualify for 1 bedroom)

	Waiting List	Transfer List	Total
Band A	3	35	39
Band B	471	12	483
Band C	510	88	598
Band D	66	1	67

OAP Family with one dependant (Qualify for 2 bedrooms)

	Waiting List	Transfer List	Total
Band A	0	6	6
Band B	16	5	21
Band C	33	7	40
Band D	1	0	1

OAP with 2 dependants (Qualify for 3 bedrooms)

	Waiting List	Transfer List	Total
Band A	0	0	0
Band B	0	0	0
Band C	4	2	6
Band D	0	0	0

OAP Couple, i.e. 1 partner over 60 (Qualify for 1 or 2 bedrooms)

	Waiting List	Transfer List	Total
Band A	2	46	48
Band B	97	18	115
Band C	476	69	545
Band D	3	0	3

OAP Single Person (Qualifies for 1 bedroom)

	Waiting List	Transfer List	Total
Band A	6	102	108
Band B	240	41	281
Band C	745	193	938
Band D	10	1	11

Parent(s) with one dependant (Qualifies for 2 bedrooms)

	Waiting List	Transfer List	Total
Band A	4	16	20
Band B	945	157	1,102
Band C	1,507	358	1,865
Band D	237	0	237

Parent(s) with 2, 3 or 4 dependants (Qualifying for 2 or 3 bedrooms)

	Waiting List	Transfer List	Total
Band A	2	12	14
Band B	835	397	1,232
Band C	1,296	297	1,593
Band D	286	1	287

Parent(s) with 5 or more dependants (Qualifying for 4 or 5 bedrooms)

	Waiting List	Transfer List	Total
Band A	2	1	3
Band B	19	36	55
Band C	39	3	42
Band D	9	0	9

Appendix 2

Swindon Census statistics

	2001	%	2011	%	Total Increase
Population	178,649		207,858	16% increase	29,209
Households	75,154		88,360	17.5% increase	13,206
Owned outright	18,948	25.21	22,749	25.74	3,800
<i>Occupants</i>	36,956		43,484		6,528
Mortgage/Loan	35,984	47.88	35,153	39.78	-831
<i>Occupants</i>	98,466		96,756		-1,710
Shared ownership	388	0.5	1,118	1.26	730
<i>Occupants</i>	914		2,371		1,457
Council Rented	10,097	13.43	10,269	11.62	172
<i>Occupants</i>	22,996		22,423		-573
Housing Association	2,733	3.63	4,113	4.65	1,380
<i>Occupants</i>	5,353		8,623		3,270
Private Rented	5,648	7.51	14,169	16.03	7,155
<i>Occupants</i>	11,7359		32,811		23,049
Living Rent Free	1,356	1.8	789	0.89	- 567
<i>Occupants</i>	2,605		1,390		-1,215

Appendix 3

“Affordable housing” in Swindon

	Social Rent	Intermediate rent and low-cost home ownership	Other	Total	Additional Supply
2007/08	106	239	66		411
2008/09	179	133	16		328
2009/10	249	119	27		395
2010/11	185	39	11		235
Total	719	530	120		1,369