

# Response to Labour Party Housing Green paper, *Housing for the many*

From Swindon Tenants Campaign Group

**Question1:** *Do you agree with Labour's new affordable housing definition? What weight should a Labour Government give to the components of our programme: social rent, living rent, and homes for low-cost ownership?*

No. The new definition only adds to the confusion around the now meaningless term "affordable housing". Moreover, the absence of any indication as to how the £4 billion grant would be divided between the three components raises fears that Labour has not broken from its infatuation with home ownership. At a recent meeting in the House of Commons John Healey was asked how the grant would be divided between the three types. His answer was that it is up to councils to decide what they bid for. Hence the proposal that councils would have a duty to promote "affordable housing" could be fulfilled by application for grant *solely* for "affordable" homes to own. *This means that their duty could be fulfilled without them building a single council home.*

**We would propose instead that councils should have a duty to build council homes with social rent rather than promote "affordable homes".**

**Labour's first housing priority should be a large scale council house building programme. All grant available should be for social rent but there should be specific grant for councils rather than the bidding process in which councils have to compete with housing associations.** Whilst we are not in principle opposed to grant for housing associations, the green paper fails to take account of the process of commercialisation of the housing association sector and the collaboration of the National Housing Federation (NHF) with the government; their 'voluntary' right to buy agreement. The NHF and the major HAs readily accepted the enforced sale of 'higher value' council homes, even though it would mean robbing council HRAs.

HA rents are still higher than council rents and mean a higher Housing Benefit bill. HAs remain businesses, with an ongoing polarisation between the more commercial ones and those that maintain some sense of their original 'social purpose.

**We believe that Labour should commit to work towards the target of 100,000 council homes a year. With £80,000 grant per unit, this would require an expenditure of £8 billion a year. £4 billion, the amount available 10 years ago is completely insufficient.**

Whilst we recognise that councils could not move from their present very low level of new build to this level straight away, the key means of enabling them to put together the human and material resources to build regularly and on a much larger scale, is **the assurance of grant being available on an annual basis.**

We are opposed to the 'living rent'. It is not clear from the document whether this would be within the context of the Housing Revenue Account or outside it. If inside the HRA this would mean council housing would have rents higher than 'social rent'. This would defeat the purpose of ending "affordable rent". If outside the HRA this would mean wasting grant on higher rents rather than concentrating on 'social rent'. As developed in London 'living rent' is much higher than 'social rent' and adds to a higher HB bill.

## **Labour should withdraw the proposal for 'living rent'.**

**Question 2: Do you agree with our proposal to scrap public funding for so-called 'affordable rent' homes priced at up to 80% of market rents?**

This is a very welcome proposal. AR was introduced in order to facilitate the coalition government's 60% cut in funding for 'social housing'. The only question which remains is what can be done to facilitate reducing all social rent homes to social rent level. **Labour should examine the cost of doing so with an aspiration to provide funding for councils to convert AR to SR.**

**Question 3: Are there specific steps beyond those set out in this Green Paper that could deliver an even higher level of Labour's affordable housing?**

### **Cancel the bogus council housing 'debt'**

The so-called council housing 'debt' which was imposed as part of the 2012 'debt settlement' was an unjust burden. As we explained in our social housing review submission, we know from the House of Commons Council Housing Group 2009 report (*Council Housing: Time to Invest*) that tenants have paid more in rent than the historic cost of building their homes. Over 25 years they received £60 billion in allowances but paid £91 billion in rent, the difference being more than the historic housing debt.

Even though New Labour's 'debt' level would have been lower than that set by the Tories in 2012 it would have still been an injustice, fleecing tenants. Around 25% of HRA income goes on debt and service charges. Cancellation would provide LHAs with around an extra £2 billion a year. This would enable councils to maintain the condition of their existing stock and renew key components in good time. Combined with central government grant for new build this would create the conditions for a step change in the level of council house building.

**Labour should commit to cancelling this 'debt'.<sup>1</sup>**

**Question 4: Do you have any other comments on our proposals in section three?**

The section says that Labour will build "one million genuinely affordable homes" over 10 years "the majority of which will be for social rent". However, there is no guarantee that this will be the case if councils can simply bid for any of the three components and fulfil its duty without building any council homes.

**Question 5: How can Labour ensure appropriate powers and funding to build more affordable homes in all parts of the country?**

The key to this is increasing grant for social rent and ensuring it is distributed equitably throughout the country.

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<sup>1</sup> We have put a more detailed case for cancelling the 'debt':  
<http://keepourcouncilhomes.files.wordpress.com/2018/06/debtpamphlet.pdf>

**Question 6: Do you agree with our proposals to stop the loss of affordable homes through right to buy, conversions to ‘affordable rent’ and the forced sale of council homes?**

Yes we agree with all three, except to say it is council homes being lost not “affordable homes.” **Whilst suspension of RTB would be a step forward from the current situation we believe that RTB should be ended.** If you leave open the possibility of councils restarting RTB then this would undermine the impact of new build. We need a big increase in the number of available council homes – there are only 1.6 million left in England. Reintroduction of RTB would slow down the increase in the number of council homes available. Even if there was “one for one replacement” this would only produce a standstill in stock numbers, whereas we need a significant increase.

**Question 7: What additional measures could a Labour Government take to get councils, housing associations and others building more genuinely affordable homes?**

As we have explained we believe the main emphasis should be on council house building, with the necessary grant to provide 100,000 council homes a year.

**Question 8: Do you agree with Labour’s proposal to set up an English Sovereign Land Trust? How else might Labour make more land available, more cheaply, to build genuinely affordable homes?**

**We believe that councils should be barred from using their own land for any form of housing other than council homes with social rent.** Labour should also introduce a change in the law such that **for the purpose of building council housing councils should be able to buy land at use value.** This was a measure that the 1945 Labour government used. Labour should prevent developers benefiting from increased land prices as a result of the granting of planning permission.

**Question 9: How can Labour ensure that estate regeneration maximises affordable housing and improves local areas, including in low demand areas?**

We welcome the proposal that ballots of tenants should be held to determine whether a regeneration scheme can proceed or not. This will facilitate preventing 'gentrification' and the driving of tenants away from the local area. **An obligation on councils to build council housing and their inclusion in every scheme would aid increasing their numbers rather than “affordable housing”.**

**Question 10: Do you have any other comments on our proposals in section four?**

### **Rent settlement**

The Green Paper promises a consultation on a 10 year rent settlement. The “rent equalisation” process imposed by New Labour drove up council rents by double the level of inflation. This was counter-productive since it contributed to the rise in the amount of housing benefit being paid out. It was unjust because it represented a financial blow to tenants, especially those not receiving full (or any) housing benefit. Rent increases were also outpacing earnings. One of the motivations for imposing these increases was to

undermine opposition to transferring stock to HAs.

It is worrying that Labour has failed to comment on the Tories proposal to reintroduce rent increases above the level of inflation; five years of increases of CPI + 1%. **We propose that Labour should make a commitment that social rent will rise no higher than the level of inflation.** Above inflation increases would not only place tenants under increased financial pressure but would drive up the HB bill.

### **Borrowing to build**

At the very time when councils are under-funded as a result of the cost of servicing existing 'debt' and government policies are impacting on their rental income, increased borrowing by local authority HRAs is no solution to the council housing shortage. In 2012 the LGA and other organisations estimated that lifting the borrowing cap by £7 billion would enable councils to build an extra 12,000 homes a year for five years. This estimate pre-dated changes in government policy since then which have undermined their finances. The 1% rent cut forced councils to scale back their building ambitions. For instance, Reading had to abandon its plans to build 1,000 homes over ten years because of the rent cut.

The demand for eliminating or raising the borrowing cap might suggest that councils have used up all their borrowing capacity and are demanding more because they have none left. Yet that is far from the case. By 2017 their collective borrowing capacity had risen by £736 million; to £3.592 billion from £2.856 billion<sup>2</sup>. This is an indication that councils have been very wary of taking on extra debt given the financial stresses they are under. As one Lead Member of a big authority recently said, "Why would I take on more debt when my revenue is declining?"

How much of their borrowing capacity have these councils used? Excluding those with a negligible borrowing capacity (e.g. £1,000) we find that of 44 councils only 12 have used 75% or more, 26 of them less than 50%.

### **Percentage of borrowing cap used**

<b>Less than 25%</b>	<b>25-49%</b>	<b>50-74%</b>	<b>75% plus</b>
17	9	6	12

Those authorities that have taken on extra debt have increased it collectively by £834 million. However, just four authorities account for £413 million of this. Whilst in the five completed financial years from 2012 debt has been cut by £913 million, £500 million of this was actually debt cancelled by the government for five local authorities that transferred their stock to housing associations. Overall councils with HRAs still have £26 billion of debt to service. Taking on extra debt under these circumstances would simply eat into the insufficient resources they have to maintain the Decent Homes Standard.

### **Universal Credit**

In regard to Universal Credit there is no clarification as to what it means to "fix" it. We understand that Labour's current policy is to reduce the period of non-payment of housing benefit and other "legacy benefits" to two weeks. Yet there is no reason why payments should be ended simply because a claimant in moving from "legacy benefits" to UC. **We are calling on Labour to commit to maintaining HB payments and other benefits whilst a UC claim is being processed. This would put a stop to claimants being**

<sup>2</sup> This is from the government's COR4 data sets, 2016/17.

### **thrown into rent arrears as a result of going over to UC.**

There is a debate as to whether or not UC can be “fixed”. Although UC was presented as a means of “simplifying” benefits, another unstated purpose was to save money by reducing benefits under UC. **If Labour proposes to “fix” it, it should commit to ensuring that anybody transferring from “legacy benefits” will be no worse off under UC.**

### **Local housing companies**

Some councils have set up these private vehicles to circumvent the loss of homes through RTB. If Labour suspends or ends RTB and funds new council house building then councils could return to large scale building within the framework of the HRA. There would be no need for private companies

Some councils view these vehicles as a means of raising revenue for their General Funds. Although it's beyond the scope of this consultation we would suggest that Labour needs to address the funding crisis of local authorities. Councils should not be allowed to enter in the private housing market nor to risk general fund finances by speculative activity. The building of homes for private rent or sale on council owned land should not be allowed. **Therefore Labour should abandon its support for local authority private companies in the guise of local housing companies or other forms.** (See [Labour's Housing Green paper – Part 2](#))<sup>3</sup>

**Question 11: *What more could a Labour Government do to make affordable housing a first choice, not a last resort?***

The definition of “affordable housing” confuses ownership with 'social housing'. **The key to changing attitudes is the relaunching of large scale council house building programmes.** If this happens then people who are currently forced into the private rented sector or to try for a mortgage will have a greater chance of a council tenancy. Labour should unequivocally break with New Labour's housing philosophy which adapted to the Thatcherite sentiment that people who did not want nor afford to buy a home were somehow lesser mortals, lacking in “aspiration”. New Labour participated in the demonisation of council housing and council tenants.

Labour should make it clear it believes that renting is not a lesser choice than buying a home. It was the “residualisation” of council housing which ended the reality of council estates which were, in fact, 'mixed communities', with a cross section of working people from the school teacher to the school cleaner, the office worker and the factory worker.

**Question 12: *What more can we do to make affordable housing more energy efficient?***

Improve the standards that landlords have to implement.

**Question 13: *What measures should form the basis of the fire safety criterion as part of a new 'Decent Homes 2' standard?***

**Fire inspection should be returned to the Fire & Rescue services and resources for them should be increased so that the requisite number of staff can be employed by**

<sup>3</sup> <http://martinwicks.wordpress.com/2018/04/greenpaper2.pdf>

**them. Flammable cladding should be banned.**

**Question 14:** *Do you agree with our proposals to increase social landlords' accountability to tenants? What further measures could a Labour Government take?*

**Council tenants should have the right to elect representatives onto committees dealing with local HRAs, subject to regular election.** They should be accountable to the tenants who elect them.

Housing Associations already have tenants on HA Boards. However, currently they are accountable to the business rather than the tenants they are supposedly representing.

**They should be made accountable to the tenants who elect them rather than to the business.**

**Question 15:** *What more could a Labour Government do to ensure there is sufficient specialist affordable housing for groups including those who are elderly, disabled or homeless?*

The key to this is central government funding for supported and sheltered housing.

**Question 16:** *Do you have any other comments on our proposals in section five?*

The commitment to end the Tories' proposed ban on long term tenancies is welcome. However, **we need a commitment that Labour will reintroduce secure tenancies for all council tenants. Councils and HAs should not be allowed to continue with fixed term tenancies.** As the recent report by the Workplace Conditionality Project indicates "its only achievement is to instil varying levels of anxiety in social tenants, and to cause real distress to some". Under the current government Labour should support the demand of the WCP

- that the government not bring into force the relevant sections of the Housing & Planning Act 2016 which would compel local authorities to use FTTs in almost all new lets and
- that landlords that have already adopted FTTs should end them.

### **Final comments**

The Green Paper rows back somewhat from the position in *New Deal* that Labour's "first housing priority" was helping young people onto the housing ladder, but it fails to place council housing at the centre of its housing policy. Council housing is not part of the housing market. It is social production for human need. The historic decline in house building in Britain coincided with the political decision to end funding council house building. Today house building is dominated by commodity production and the big nine companies. The housing crisis will only be resolved by a large scale council house building programme which will shrink the reach of the housing market.

The current situation is one in which there is a surfeit of people chasing after very few properties with genuinely affordable rent. If Labour was building 100,000 council homes a year then considerably more people would qualify for a council tenancy and these people would be taken out of the housing market. This would be likely to bring down prices in the PRS, and the price of homes to buy, since it would be less of a sellers market.