

Mass demolitions and growing housing waiting lists – a Scottish case study of the impacts of neoliberal legislative structures

This paper was given at a workshop on Recent Trends in Housing Policies in the UK, Sweden and Finland, at the University of Helsinki, 2nd December 2011

Abstract

The amount of social rented housing in Scotland has declined to its lowest level in 50 years and is still shrinking; but the need for such housing is increasing. Across the country there are growing housing waiting lists and growing numbers of households stuck in temporary accommodation. The need for more and better social housing has now been acknowledged by the Scottish Government, but this paper argues that, after thirty years of pro-market politics, a bias against social housing has become built into the system, and that we will not see real investment in social housing until the current policy framework is dismantled. The paper concentrates on the important, but often neglected, subject of refurbishing existing social housing. It uses examples from the author's research in Dundee to show the forces behind programmes of mass demolition and the impact of existing policies; and it suggests how policies could be changed in order to provide a relatively quick, economical, and also socially and ecologically sustainable solution to many social housing needs.

Key words:

social housing, demolition, refurbishment, Scotland, housing policy, neoliberalism

The Scottish Government enjoys an image of being more social democratic than the government in Westminster. Indeed it could be argued that the Scottish National Party (SNP)'s social democratic credentials were a major factor in its landslide re-election to Holyrood in May 2011; and the earlier Scottish Labour administration had itself followed a slightly more social-democratic path than Blair and Brown's Labour Government. However, the comparative difference should not distract from what, under both Labour and the SNP, has been a fundamentally neoliberal approach, in which the market is king and publically-owned resources have come to be seen as providing opportunities for private investment. (Collins 2007) Since Devolution in 1997, housing in Scotland has been the responsibility of the Scottish Executive - now Government - and housing policy is one area where they have been able to point to a greater emphasis on social justice than is found in England. However, despite a few mitigating differences, the underlying processes have been similar both sides of the border. Reduction in the proportion of households in social housing has been an aim of all UK housing policy since 1979, and Scotland has been no exception to this.

When, in the winter of 2006, I attended a housing conference in Paris and found delegates envious that I lived in Scotland, I could not have been more surprised. At that time, Paris's Canal St Martin was lined with the tents of homeless protestors, and Scotland's homelessness legislation was being held up as an example to all. (Homelessness etc. (Scotland) Act, 2003) But I was in the middle of participant action research with Dundee council tenants who were fighting against the city's plans to demolish their homes as part of a strategic reduction in social housing and gentrifying regeneration. Exemplary homelessness legislation is not much use if there are not

enough homes to put people in. Scotland's social-democratic rhetoric was masking a rather more brutal reality.

The background - three decades of neoliberalism

The last 30 years of housing policy has been conceived within a framework of neoliberalism, which has involved the prioritisation of private property, and the promotion of wealth accumulation through speculation and through what David Harvey has described as the dispossession (or privatisation) of common rights. (Harvey 2005) Indeed, the recent collapse in the global economy has laid bare the central part played by private property equity in neoliberal economics, where the increasing commodification of housing was used to fuel an expansive growth in speculation and a debt-funded consumer boom. Under neoliberalism, the function of government has become the facilitation and protection of the so-called 'free market'; (Peck and Tickell 2002) and, in the case of housing, this has been achieved through various forms of privatisation of publically owned housing, through the blurring of public/private boundaries and the introduction of market mechanisms into the public sector, and through processes of state-lead gentrification. (Hackworth and Smith 2001, Smith 2002, Cameron 2006, Lees et al 2008, Glynn 2009a) The deliberate reduction of social housing has tended to be accompanied by 'regeneration' schemes aimed at attracting a gentrifying middle class; and prominently-placed social housing has been especially targeted for redevelopment, both because it occupies valuable land and because its very presence could interfere with the new image that a city is trying to cultivate.

Today's hegemony of neoliberal ideas is the product of a long, carefully-planned campaign, but neoliberal understandings have become accepted by politicians and policy makers as though they are scientific facts that leave them little alternative beyond technocratic management. (Jacobs and Manzi 2000, Harvey 2005, Cowan and McDermont 2006) Similarly, public justification for the commodification of housing has focussed on what are presented as 'natural' aspirations for home ownership, although it can be argued that these aspirations have been deliberately encouraged by government policies that have benefited homeowners at the expense of tenants. (Kemeny 1981; Forrest et al 1990; Glynn 2009a)

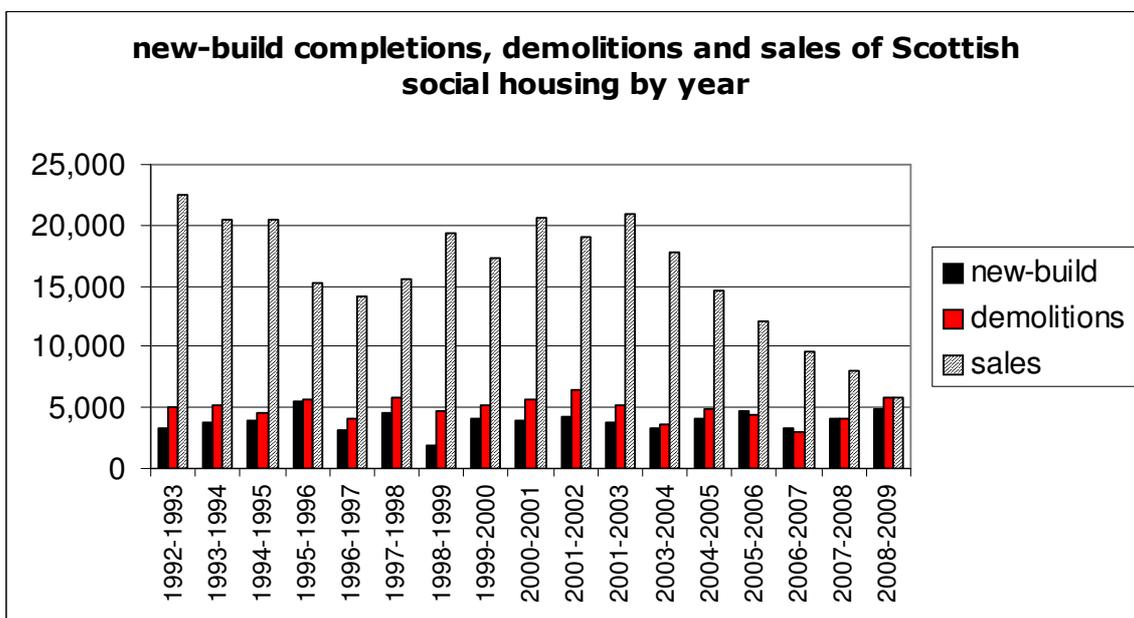
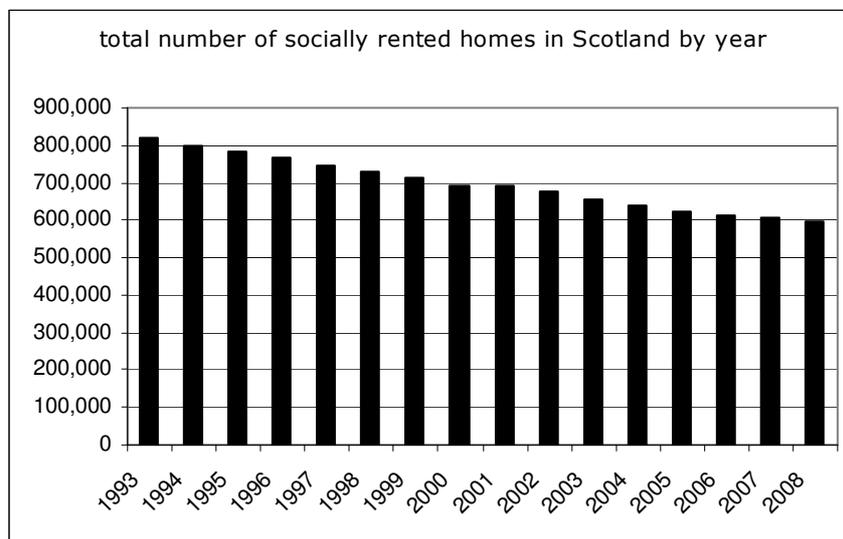
When Margaret Thatcher came to power in 1979, more than half of all Scottish households lived in council housing.¹ Today around a quarter live in social housing (14% in council houses and 11% in housing association houses), and 65% are owner occupiers.² The number of social homes in Scotland is back to what it was fifty years ago, before the major local authority building schemes of the sixties and seventies. (Shelter, 2009) Much the biggest loss of social housing has been through sales, especially the tenants' 'right-to-buy', instigated in 1980. This policy has recently been limited to some extent in Scotland, but many of the best council houses have been long since lost from public ownership. Alongside this, there has also been an ongoing programme of demolitions that, between 1992 and 2009, averaged nearly

¹ In the 1981 census nearly 55% of Scottish households lived in council housing. This compares with a maximum figure of just under 1/3 in the UK as a whole.

² Figures based on Scottish Government statistics for dwellings of different tenures in March 2009. These include vacant socially rented homes but not vacant homes that are privately owned, so the % of social tenants will actually be a bit lower than this.

5,000 homes a year, or around 1,000 more than the average number of new social homes built.

The loss of social housing can be shown graphically, using statistics published on line by the Scottish Government³



³ The tables used to compile these graphs were: *Estimated stock of dwellings by tenure 1993-2008* (These were measured in December until 2000 and in March from 2001); *Sales of social sector dwellings 1998-99 to latest available*; *Total sales to sitting tenants of Local Authority, New Town and Scottish Homes Stock. Financial year figures 1979/80 to latest available* (The sales figures up until 1997-98 are therefore underestimates as they do not include sales to those other than sitting tenants.); *Housing Association new build completions: financial year time series 1992-93 to 1996q1, and 1996-97 to latest*; *Local Authority new build completions financial year time series 1986q1 to 1996q1 and 1996-97 to latest*; *Total demolition (total demolished, taken out of use or closed less those previously reported as closed) 1990-91 to latest available*. (These include demolitions of private housing, but they make up only a tiny proportion of the whole.)

Across the UK, the presumption against social housing has allowed demolition to be regarded as the solution to a whole range of problems, many of which have little relationship to the physical fabric of the buildings being demolished, but are rather a function of wider underlying social problems and of failures in management and maintenance. (Carley, 1990) Demolitions can have a compounding effect on remaining housing: the rental base is reduced while historic debts remain, and the resulting financial constraints can mean that other homes are left to deteriorate to a state where they too are considered fit only for demolition. (Scottish Executive, 2003) Some social housing does indeed need to be demolished, but this is the minority. Much of the rest might not be of the form we would choose to build today, but can, nevertheless, provide good homes for relatively little extra investment. (Stuart Hodgkinson, in Glynn 2009a; Glynn 2011) Demolition does not only reduce the social housing stock. It disrupts lives and breaks up communities. It is a long drawn-out and messy process that can produce a lot of individual hardship, especially when, as is often the case, it involves elderly and long-established households. (Dumbleton, 2006)

British social housing has always been inadequately funded, but failure to invest in repair and maintenance during the last three decades has resulted in chronic neglect. The new Scottish Housing Quality Standards for social housing are thus both necessary and welcome; however, without any extra money to pay for them they can often prove to be a double-edged sword - as destructive as they are constructive. Councils and other social landlords who cannot afford to bring their homes up to the new standards (which become mandatory in 2015) may choose instead to get rid of them and demolish even more. Such destruction was publicly predicted in government debate over the similar system in England,⁴ when MPs were warned that, without more resources, new mandatory standards would be the direct cause of large-scale demolition. (*Hansard* 29 June 2005, Column 427WH)

With most of the best homes sold off, with the maintenance of others neglected, and with social housing generally reduced to a safety-net system of poor homes for poor people, social housing and the tenants who live there have increasingly come to be stigmatised. (Scottish Government, 2008; Mooney, 2008) But, despite this, reductions in social housing have left many councils with growing housing waiting lists – and many more people would benefit from social housing but will not bother to apply because they know that they stand no chance of getting anything. Scotland's exemplary housing rights legislation is adding to these waiting lists, and demand will continue to grow as a consequence of the economic crisis and also of the subsequent benefits cuts.⁵

Social housing is still needed for the same reasons that forced its existence in the first place: many poorer people have to rent, and the market does not provide affordable decent homes or security of tenure. Private landlords make profit through maximising rents or minimising expenditure on repairs and maintenance, and they demand flexibility in disposing of their property. Laws to control rents and standards and protect tenants' rights tend to be resisted, and if landlords perceive them to be too

⁴ English housing was meant to be brought up to a new Decent Homes Standard by 2010, and Welsh Housing is meant to comply with the Welsh Housing Quality Standard by 2012.

⁵ Housing benefit is not devolved, so Scottish tenants are hit by the benefit cuts being imposed by Westminster

favourable to tenants', they will stop letting altogether. In addition, the emphasis on property ownership and property equity has played a major part in increasing disparities of wealth and opportunity. (Thomas and Dorling 2004; Bone and O'Reilly, 2010) Those with equity to spare were able to take speculative advantage of rising house prices, and, since the crash, they have been able to benefit from the growing numbers of poorer households who have to rely on the private rental sector, where the rents they pay include a substantial element of profit for the landlord. Better provision of social housing could provide a secure base for those who benefited directly; it could also help cut across the residualisation of social housing as stigmatised 'ghettos' for the very poor, and it could play a part in preventing the growing economic polarisation of society.

For thirty years, reliance on large amounts of social housing came to be regarded as the product of a failed experiment that could only be countered by the physical removal of many of the homes that local councils once boasted about; but now understandings are again beginning to change. The economic crisis has refocused attention in several quarters on the role of social housing. Growing numbers of households need and want to find an alternative to the increasingly wobbly housing ladder and the burden of a mortgage, and to the insecurity and cost of private renting. Some policy makers – including the Conservative-dominated UK Government – have shown themselves ready to use the crisis as an excuse to cut back on all areas of social spending; practising what Naomi Klein has labelled 'Disaster Capitalism'. (Klein, 2008) However, others have responded to economic change by professing a renewed support for social housing. In contrast to the Government in Westminster, and in line with its mildly progressive image, the Scottish Government has professed a new-found recognition of the importance of and need for social housing. (Scottish Government, Oct 2007, 2008, May 2010, Feb 2011) This has resulted in some beneficial policy changes; however, these hardly begin to tackle the scale of the problem.⁶

Scotland is largely reliant on a financial settlement from a budget-slashing Westminster government, but it does have some powers for raising more money for well targeted public expenditure,⁷ and is still able to chart a substantially different

⁶ The Scottish Government has ended the right-to-buy for new social housing tenants - but not for existing tenancies - and made some money available for new council housing. An initial increase in housing investment was achieved by bringing money forward from future budgets, however funds are now being cut. Despite recognising the importance of social housing, Scottish housing policy also includes subsidises for shared equity and intermediate and market rented housing, and aims to increase the private rented sector. Current plans promote the development of a wide range of different types of public-private partnership and discuss reducing the level of housing association grant (HAG), which until recently covered around 2/3 of the cost of a new home, to cover only 25% (Scottish Government, Feb 2011)

⁷ The Scottish Government is responsible for local taxation. The recent minority SNP administration was forced to withdraw its plans to change the system from council tax to a local income tax due to lack of support from the other parties. The SNP now has a significant majority but has postponed changes to local taxation until a future parliament. Scotland also has the (unused) power to increase or reduce income tax by up to 3%, but can currently only change the basic rate so cannot take more from higher earners. In the 2011 Scottish election the Green Party claimed to have a costed scheme for avoiding public expenditure cuts by raising money through a local land tax as well as through raising basic-rate income tax. If proposed changes go through to give Scotland a greater role in fixing Scottish income tax, these would not include the ability to change the tax structure so as to make it more (or less) progressive. (Commission on Scottish Devolution 2009)

path from England. In addition, when money is tight, it becomes even more important that what there is is spent well: and investment in social housing has impacts far beyond immediate housing issues.

So far, however, the Scottish Government's actions have not matched their words. Although they initially responded to the crisis by increasing investment in social housing, this was only achieved by bringing forward future expenditure, and investment has now been cut back. There has been no sustained attempt to find the money necessary to give substance to their professed support for social housing; and nor is there likely to be. In addition, despite increasingly stretched finances and the recognised need for social homes, the money that is spent on social housing is not being spent in the way best calculated to provide the maximum quantity of decent homes, or to co-ordinate housing policy with other areas of social development. There are large numbers of existing homes that, with a small amount of investment, could be good places in which to live; but, as this article demonstrates, thirty years of legislation geared to reducing social housing has resulted in legislative structures that inhibit the retention and improvement of social housing – even when that housing is badly needed and its loss has implications well beyond the immediate households affected.

A rational and progressive housing policy would also recognise the need for more new social housing, however I have chosen to focus here on the important, and often neglected, subject of refurbishing existing homes, since the most cost effective way to ensure more social housing is to make the best use of what we already have and invest in improving existing stock. Refurbishment is also much more environmentally sustainable than demolition, and it avoids the destruction of communities and the forced moves that were so rightly condemned in the redevelopments of the sixties and seventies. (Glynn 2011) The issues that I am looking at largely relate to council or ex-council houses, as these form the bulk of older social housing stock; however, I have put aside, for the purpose of this paper, other important and more widely discussed concerns over the mass transfer of council housing to housing associations.

Through the decades of neoliberal hegemony, defenders of social housing (and especially of council housing) have been fighting an increasingly desperate rearguard action. If this is to change, and a renewed recognition of the importance of social housing is to move from rhetoric to policy, we need to understand and dismantle the legislative structures that have been built up on assumptions of social housing reduction. The rest of this paper identifies the most significant of these legislative structures, and then suggests how they could be transformed. In each instance the argument is supported by examples from my own experience as a researcher/activist with tenants in Dundee, where the council is currently undertaking a large programme of council house demolition, concentrated on prominent buildings in the city centre and in the more prosperous west end.⁸ The use of this example is not intended as a particular criticism of Dundee: the criticism is of policies in place across Scotland, and similar examples can be found throughout the UK. (Stuart Hodgkinson, in Glynn 2009a; Watt 2009)

⁸ For a fuller analysis of the situation in Dundee see Glynn 2009a and Glynn 2011

The 'Housing Need Model' as a Mechanism for Residualisation

Scottish councils have a legal obligation to ensure that all those who live within their boundaries are adequately housed. If they are to demolish or sell council homes (or promote the demolition of other social housing) they are expected to show that they can still meet that obligation: in other words, that the homes were not needed. Under the current system, they do this by assuming that households should only be eligible for social housing if they cannot afford anything within the private sector. All other households are presumed able to pay private sector mortgages or rents even if these would leave them with incomes at little more than benefit level. It has also been deemed appropriate that the backlog of people inadequately housed - who can be recognised as having an immediate housing need - should only be met in annual instalments of 10 per cent⁹. These are the two basic criteria that feed into the mathematical model that has been used to calculate the amount of social housing needed by each of Scotland's council areas. (Bramley et al, 2006) The mathematics of the model are complicated, but irrelevant. Leaving aside arguments over whether a mathematical model can ever be used to predict something as complicated as housing need, which is dependent on so many unpredictable variables, any model can only be as good as its underlying assumptions. In this case the assumptions derive from the idea that social housing should be reduced to a minimal safety net - a last resort for the very poorest, who (it seems) also have to prove their need by a long wait. By making sure that there are no more socially rented homes than necessary to comply with this vision, this assumption becomes a reality. The poorest households become clumped together in an increasingly stigmatised social housing sector. Social housing is residualised as poor homes for poor people, and those not quite poor enough to qualify are pushed into taking on unsustainable mortgage debt or to moving into the insecurity and expense of the private rented sector.

If we look at Dundee, the housing need model acknowledged that, in 2005, the city had a backlog need for 6061 social-rented homes - almost half due to overcrowding and sharing. Using the 10% principle it translated this into a backlog quota of 605 homes a year, which - with the model's strict restrictions on social housing eligibility - could be more than met by the existing rates of turnover. This allowed it to conclude that Dundee had a net *surplus* of social housing re-lets of 700 homes a year. (Bramley et al, 2006: 87, 89, 117, 11 and 8) The figures for Glasgow are even more worrying. A backlog *need* for 29,603 social-rented homes was translated into a backlog quota of 2,960 homes a year and a claimed *surplus* of social housing re-lets of 4,590 homes a year: a figure that has been used to justify demolitions on a vast scale.¹⁰

In response to criticism of this housing need model, as well as impacts of the economic crisis, more recent guidelines issued to local councils have been slightly more generous in their calculations of unaffordability, but the basic assumptions remain unchallenged. (Scottish Government, March 2008) Despite an increased waiting list, Dundee's recent housing needs assessment still concluded that the city had excess social housing. This was publicly disputed by the council's housing convenor - who blamed the formula they were required to use - but this did not stop

⁹ This is half the already low rate recommended by the UK Government (see Bramley et al, 2006:89)

¹⁰ In the case of Glasgow, the homes are owned and demolished by Glasgow Housing Association, which took over all the council's housing stock in 2003

the council officially accepting the assessment overall as basis for policy. (Dundee *Courier* 3 October 2009)

'Demand' as a substitute for social analysis

The model discussed above is intended to allow councils to calculate their social housing *need* and private housing *demand*. It is not only assumed that social housing need should be kept as low as possible, but that demand is not a relevant concept when considering availability of social housing, which is increasingly perceived as a tenure of last resort. However, differential demand within the social housing sector is given importance. Some social housing schemes are clearly much more popular than others, and when it comes to choosing which homes to demolish the axe will often fall on homes considered to be in 'low demand'. (Bramley and Pawson, 2002; DTZ Piedad 2000) What is rarely given much consideration, though, is the reason for their unpopularity. Often this has little to do with physical construction of the buildings. In such circumstances demolition seems an illogical and extraordinarily wasteful response, which will only relocate social problems and not address their underlying causes. Poor management of buildings perceived to be potential candidates for demolition can also reinforce incipient problems and ensure low demand is perpetuated. Demand for a house, as for any other product, will go up if that house is improved.

The importance of factors other than a building's architecture was demonstrated by two groups of multi-storey blocks in Lochee, in West Dundee. These were built to the same design and located not far apart. The multis in Foggyley Gardens were allowed to become run-down and dilapidated, with broken entry-systems, and there was little protest when they were demolished in 2008. At the same time, the Dryburgh Gardens multis, which were well maintained, secure and well managed, have remained very popular homes.¹¹

Because low demand is commonly used as an argument in support of demolition, it has become important for councils to demonstrate that buildings proposed for demolition are indeed not wanted. This may be done through tenant consultation and surveys; but the groups consulted are often unrepresentative and surveys are superficial and do not set out realistic alternatives. The use of stage-managed public consultation to give a mask of democracy to decisions that have already been taken has become a common feature of neoliberal forms of local governance. (Allen, 2008)

The case for the demolition of almost 2,000 council homes in Dundee, as put before the council's Housing Committee in 2004, included postal surveys of the tenants in the buildings. These had been carried out very rapidly, without giving any background information, and many tenants had naturally assumed that there was something wrong with the buildings, and that they would be offered a better alternative. More detailed surveys, carried out by tenants themselves with the help of the author, Tony Cox and other housing activists, have produced very different results. Whereas the council survey claimed that 57% of tenants in the two Derby Street multis at the top of the Hilltown were in favour of demolition, the tenants'

¹¹ Foggyley Gardens was owned by the council and Dryburgh Gardens by a housing association, but the differences can be attributed to investment and maintenance rather than tenure.

survey found that only 9% of respondents were in favour of demolition and 71% wanted to remain living in the blocks. It also found that 30% said they had not received the council's ballot paper. Very similar figures were found when the exercise was repeated in 2009 with those who remained in the emptying buildings. Despite this, the multis have continued to be described as unwanted by most politicians and officials. (Glynn 2005; Glynn 2009b; *The Courier* 28 April 2006)

This situation has been compounded by the role played by Dundee Tenants' Federation, which is funded through tenants' rents to represent tenant opinion but which appears to follow an agenda set by council officials. (Glynn 2010) Council documents have presented demolition of the multis as necessary to allow funding of the council's remaining stock (though this is not actually supported by the figures given by the consultants advising them on housing finance – see below). The Federation has consistently accepted the council's line and argued for demolition, without ever consulting Derby Street tenants. When (in November 2009) tenants attended a Federation meeting to protest, they were refused permission to put their case. The incorporation of once independent groups into the structures of governance allows authorities to present an illusion of consultation, and also cuts across attempts at more critical organisation. This has become a cause of concern more widely. (Geddes, 2006; Collins, 2007)

Fiscal rules as a constraint on 'joined up' government and long term planning

Under current rules, Scottish council housing has to be run like a not-for-profit business. Councils' housing revenue accounts have to be self-financing, with all expenditure – including any borrowing costs – balanced by income, which mainly comes from tenants' rents. Many housing revenue accounts are already burdened with large historic debts that both use up a large portion of rental income and also restrict their ability to borrow further.¹² While housing money can be transferred to a council's general fund, transfers in the opposite direction are not permitted. The Housing (Scotland) Act 1987 gave the Secretary of State for Scotland the power to limit general fund contributions to the housing revenue account through the use of a Statutory Instrument. (Housing (Scotland) Act 1987 Part X 204) This power has now passed to the Scottish Government, and in February 2009 they agreed to continue the policy, which had been in place since the early 1990s, of allowing no contributions from the general fund. (The Housing Revenue Account General Fund Contribution Limits (Scotland) Order 2009) There is no input from council tax and almost nothing from the Scottish Government,¹³ though, recently, limited government grants have been made available for the purchase of small numbers of new homes and for small

¹² The average level of debt per home is similar in both England and Scotland, at around £7,000. Borrowing that, even temporarily, takes housing revenue account borrowing costs to more than 40% of rental income is frowned on by the Scottish Government, who may then not give any grants for new building.

¹³ In 2009-10 only the Shetland Isles Council received any Housing Support Grant from the Scottish Government. This was in acknowledgement of the impossibility of balancing the council's housing revenue account without unacceptably high rent rises, due to exceptionally high levels of historic debt. (See Local Government and Communities Committee Official Report 18 March 2009, Col 1843, Housing Support Grant (Scotland) Order 2009 (Draft)
<<http://www.scotparliament.com/s3/committees/lgc/or-09/lg09-0802.htm>> [accessed Feb 2010])

amounts of new building.¹⁴ There were too, in the near past, Scottish Executive/Government grants specifically to help cover the costs of demolition.

Housing associations are also, of course, run as not-for-profit businesses. Most Scottish Government money for new social housing now takes the form of housing association grants, however the sums available are undergoing severe cuts, and housing associations are being expected to finance a higher proportion of their development costs through borrowing and from separate commercial arms of their organisations. Some new housing association homes have also been built as a result of planning agreements made under Section 75 of the 1997 Town and Country Planning (Scotland) Act. This allows councils to insist that developers of private housing include a proportion of social housing as a condition of planning consent. This system has never been as important in Scotland as in England, and has almost ceased to function now that private development has slowed right down in the face of recession. As it is dependent on a thriving economy, this method of procurement is least productive just when social housing is needed most.

Although housing association grant can also be used for acquiring and refurbishing existing buildings, there is no government money for refurbishing housing already in the social-rented sector. For housing associations (though not councils, who are not liable for VAT), the disincentive for refurbishment is further increased by the requirement to pay VAT on repairs, while new homes are zero-rated.

This tightly constrained funding regime has serious implications for social housing and consequently for society more widely. Within these constraints it is very difficult for social housing to be improved, and the limited government money that is available will tend to skew the economics so as to encourage demolition and new-build, even if this is not the best value for money. When this occurs, the number of new social rented homes is usually only a small proportion of the number demolished.

The extent to which funding rules can skew the economics, and the scale of the potential financial and social consequences, were demonstrated by a Freedom of Information request to Dundee City Council. After an appeal to the Scottish Information Commissioner, we finally managed to get access to a report by the consultants' whose advice had been used by the council as a basis for their demolition decisions. (DTZ Piedad, 2005) Without also having access to their background material and analysis we cannot know the particular combination of rules and assumptions that were employed here, but the report's astonishing conclusion – which the council now dismisses – was that demolition would, in fact, be a hugely more expensive option than repair and improvement. The expectation was that the large extra costs would be paid by the Scottish Executive – now the Scottish Government. DTZ Piedad calculated the public subsidies that would be needed to balance the books, and ensure all Dundee council housing was brought up to the new Scottish standards, under different scenarios. Their baseline figure, with no demolition, was £89 million. If the council were to demolish 4,630 homes they calculated that this would *rise* to £121 million, and on top of that, there would be another £60 million of grant subsidy for 1,350 new housing association homes subsidised at 60 per cent of construction costs – giving a

¹⁴ Not only is the number of new council houses still small, but the grant per unit given to councils in 2008-9 was only £25,000, which was less than a third of what was given to housing associations. The 2011 policy paper discusses reducing grants for all social housing to 25% of cost.

staggering total of £181 million, and a net loss of 3,280 social rented houses. (DTZ Pida, 2005)

That the council's housing department now argues that demolition is the cheaper option, demonstrates, if nothing else, the unreliability and malleability of such long term financial planning. The council's figures do not, however, seem very robust. After they had claimed that it would cost over £14 million to bring the Derby Street multis up to Scottish Housing Quality Standards, we contacted Wates Construction, a large private contractor who had done similar work in Glasgow, who gave us an estimate of around £8 million.¹⁵ (Wates Construction 2009) To put this in context, the council was estimating demolition costs at between £2.5 million and £4.4 million, and annual rental income, if the buildings had not been being emptied out, would have been £1.2 million.¹⁶ Our ensuing discussions with the council on the viability of refurbishment threw up numerous anomalies in their analysis – such as not factoring in the impact of inflation when calculating interest rates – and demonstrated another impediment to a change of policy in the form of strong resistance from housing department bureaucrats who clearly did not want to backtrack or to appear to be accepting that they had made a mistake. (Glynn 2011)

Compulsory refurbishment to meet the Scottish Housing Quality Standards is not only leading to demolitions, as noted above, but also resulting in rent rises for remaining social tenants. Rents are put up to pay for the refurbishments, and also to make up for the rental income lost through demolition.¹⁷ These rises have a serious direct impact on those who can just afford to pay full rents; and for those (the majority) who receive full or partial housing benefit, they will make it harder to move off benefits into work – with wider social and financial consequences.¹⁸

Good, affordable, social-rented housing has an important role to play in creating a stable society. It can provide access to a secure base, with space for privacy and homework, and money left over for decent food and quality of life; and these are essential ingredients for the avoidance of personal and social stress, educational difficulties and poor health. The lack of such housing has major social and economic costs, and it makes no sense to erect a virtual wall separating housing from general council funding. The financing of multi-storey blocks provides an immediate example of the absurdity of this enforced compartmentalisation. While there are strong arguments against building more multi-storey housing, multi flats can suit some households' needs, and the multis that already exist provide compact living that can support local services and public transport, and that allows savings in many areas -

¹⁵ The Wates figure was similar to an earlier estimate I had put together using comparisons with other refurbishments, and budget costs available via the web.

¹⁶ These figures do not include the costs of maintaining the emptying buildings or of the home-loss payments of £1,500 per flat.

¹⁷ With each of Dundee's (approximately) 4% rent rises introduced in 2006, 2007 and 2008, the director of housing commented on the fall in rental income due to council house sales and demolitions (*The Courier*, 17 January 2006 and 2007 and 22 January 2008).

¹⁸ Around 63% of Scotland's social housing tenants receive some housing benefit. Housing benefit legislation comes under the remit of the Westminster Government, and benefits are paid out of the Scottish Government block grant, which is calculated with reference to English rent levels. When Scottish councils raise their rents they only have to answer directly to those tenants who are not on benefit, as the Scottish Government must pay the extra benefit costs. As benefits fall steeply with a small increase in income, people on low wages can find that they are little or no better off in work.

from street paving to rubbish collection. However, under the current regime, because these savings do not affect the housing revenue account, they cannot be set against the extra costs associated with a multi, such as lift maintenance and a concierge system.¹⁹ To take a small, but illuminating, example: tenants' rents have to pay for lighting in multi corridors, while street lighting – of which multis need very little - is paid for out of council tax.

Dundee tenants were told that the cost of running the multis was a major reason for their demolition (despite the DTZ Piedad figures), and that savings in areas outwith the housing revenue account cannot be taken into consideration. (They were also told that an immediate difficulty standing in the way of lifting the demolition order was that the council would then be liable to pay council tax on all the empty flats. Although the council would effectively be paying itself, this money would be lost from the housing revenue account to the general fund, and could not be recovered.)

The failure to take into account and realise these generally measurable external savings is leading to the demolition of many buildings that are deemed too expensive to run within the constraints of a council's housing revenue account. On top of this, failure to invest in good social housing can lead to much bigger but less measurable costs: personal costs for individuals, and financial costs in the areas of social work, health, education and policing.²⁰

There are also inherent contradictions in the mechanisms that are supposed to bring greater environmental sustainability. As we have seen, the current system encourages demolition and new-build; and a major driver behind current demolitions has been the Scottish Housing Quality Standards, of which a key component is a higher standard for insulation. The green argument has been contorted to promote demolition of buildings that do not currently comply with insulation standards.²¹ However, if we take account of the huge embedded energy costs of demolition and reconstruction, then, in almost all cases, refurbishment to new insulation standards will be the more energy-efficient option.²²

As these examples show, within the current funding regime, possibilities for long-term planning and investment are very restricted. Everything is reduced to the immediate demands of the Housing Revenue Account audit or the housing

¹⁹ It can also be argued that a well-run concierge system should not be treated as an extra cost associated with multi-storey flats, but as a locally-based section of the management team. This would require a breaking down of the compartmentalisation *within* councils' housing revenue accounts.

²⁰ For wider impacts of poor housing see Zacchaeus 2000 Trust, 2005; Peter Phibbs and Peter Young, in Glynn 2009. Christopher Addison, the minister responsible for Britain's first state-subsidised council housing after the First World War, actually tried to put a figure on the exported health costs of poor housing to support his argument for continued investment after those subsidies were cut, see Zacchaeus 2000 Trust, 2005, p 63.

²¹ Or are assumed not to comply. Although this argument was used to support the demolition of multis in Dundee, the council did not carry out heat loss calculations. When tenants got Wates Construction to price for the refurbishment of the Derby Street Multis, Wates also looked at the heat loss of the existing construction and showed that the majority of the flats already met the required minimum standard. (Wates' price still included for comprehensive cladding to improve the insulation of all the flats.)

²² For detailed environmental arguments against demolition with respect to terraced housing see Power, 2008

association's bottom line, even if this means greater social and financial costs in the future.

Summing up and moving forward

The underlying reason for most demolitions has been a deliberate reduction in the amount of social housing. However, the Scottish Government now recognises the need for more (rather than less) social housing, so it would make sense for them to re-think the case for demolitions, and to stop requiring councils to use the existing 'housing need model', which is based on the assumption that social housing ought to be reduced to a very minimal safety net. And, if we look beyond overall numbers to consider specific cases of housing for which there is currently low-demand, it would make sense for councils and housing associations to investigate the real causes of that low demand, and the possibilities for making the homes more attractive.

Again, having recognised the importance of improved standards for social housing, the Scottish Government should be expected to make more money available for implementing the required improvements, as, without this, the new standards are forcing councils to demolish the homes they cannot afford to do up.

Further unnecessary destruction can be attributed to restrictions imposed by the existing funding regime. Much social housing that is now scheduled for demolition has the potential to become good quality homes with only a relatively small investment. But, although provision of social housing has wide social implications, housing finance is currently considered in isolation from other expenditure. To achieve co-ordinated long-term planning this artificial division needs to be broken down. If the Scottish Government is serious about wanting more social housing, it will need to budget for greater overall investment in such housing - including in refurbishment - as part of a wider plan for social improvement. And they should remove the restriction on councils using their general funds to subsidise their housing revenue accounts, in recognition of the savings this can bring to other departments. Without such changes, millions of pounds worth of assets and thousands of potentially good homes will just be destroyed.

In the current economic and political situation it will be a long time before the supply of social housing in Scotland will meet the existing backlog of social housing 'need', as defined by the housing need model; but, in looking forward, it is important to recognise that exceeding this need would not be a problem. Greater investment in social housing can provide an important, and much needed, boost to the construction sector - as the Scottish Government has already acknowledged²³ - and many households outwith those currently classified as needing social housing could benefit from affordable rented homes. These households would bring a new energy to social housing schemes, allowing them to become more stable - and less stigmatised²⁴ - communities.

²³ The boost that social housing can bring to construction was recognised by the Scottish Government when they brought forward housing investment at the beginning of the economic crisis, but this only gave temporary help.

²⁴ Stigmatisation of social tenants will have an even bigger impact as they compete in an increasingly competitive labour market where job applicants can be discarded on the basis of their post code.

If investment were to be increased still further, so as to widen the availability of social housing significantly, this would also provide a first step towards a more equal society by breaking down social barriers between those who own their home and those who rent. While there is little immediate prospect that governments will engage with such a radically different approach to housing policy, it is important to point out that a more level playing field between renting and ownership (as was achieved in 1960s Sweden (Kemeny, 1981)), would make a major contribution to the breaking down of social exclusion and the promotion of greater equality. For this to happen, rented homes would need to be of good quality, rental agreements would need to be both secure and flexible, and rents would need to be genuinely affordable and significantly less than the cost of paying off a mortgage; all things that could be achieved through the use of subsidised social housing. It has also been dramatically demonstrated that an economy based around property ownership and speculation is dangerously unstable. The key to the realisation of a genuinely progressive housing policy is the recognition that the importance of social housing goes far beyond meeting immediate housing need. It has a vital role to play in generating social sustainability and economic stability.

Bibliography

Allen, Chris (2008) *Housing Market Renewal and Social Class* (London and New York: Routledge).

Bone, John and Karen O'Reilly (2010) 'No place called home: the causes and social consequences of the UK housing "bubble"' *The British Journal of Sociology* 61:2

Bramley, Glen, Noah Kofi Karley and David Watkins (2006) *Local housing need and affordability model for Scotland – Update (2005 based)*, Edinburgh: Communities Scotland

Bramley, Glen and Hal Pawson (2002) 'Low Demand for Housing: Incidence, Causes and UK National Policy Implications' *Urban Studies* 39:3 pp 393-422

British Government (1987) *Housing (Scotland) Act*
<http://www.opsi.gov.uk/RevisedStatutes/Acts/ukpga/1987/cukpga_19870026_en_18#pt10-l1g233> [accessed Feb 2010]

Cameron, Stuart (2006) 'From Low Demand to Rising Aspirations: Housing Market Renewal within Regional and Neighbourhood Regeneration Policy' *Housing Studies* 21(1)

Carley, Michael (1990) *Housing and Neighbourhood Renewal: Britain's New Urban Challenge*, London: Policy Studies Institute

Collins, Chik (2007) "'The Scottish Executive is Open for Business": *People and Place*, The Royal Bank of Scotland, and the Intensification of the Neo-Liberal Agenda in Scotland', in Andy Cumbers and Geoff Whittam (eds) *Reclaiming the*

Economy: Alternatives to Market Fundamentalism, Glasgow: Scottish Left Review Press

Commission on Scottish Devolution, chaired by Kenneth Calman (2009) *Serving Scotland Better: Scotland and the United Kingdom in the 21st Century*, Edinburgh: Commission on Scottish Devolution

Cowan, David and Morag McDermont (2006) *Regulating Social Housing: governing decline* (Abingdon: Routledge-Cavendish)

DTZ Pida (2000) *Demolition and New Building on Local Authority Estates*, summary of report commissioned by the Office of the Deputy Prime Minister

DTZ Pida (2005) *Dundee City Council – Financial Viability Study Phase 2: Final Report*

Dumbleton, Bob (2006) *'Help us Somebody': the demolition of the elderly*, London: The London Press

Forrest, Ray, Alan Murie and Peter Williams (1990) *Home Ownership: Differentiation and Fragmentation*, London: Unwin Hyman

Geddes, Mike (2006) 'Partnership and the limits to local governance in England: Institutional Analysis and Neoliberalism' *International Journal of Urban and Regional Research* 30(1)

Glynn, Sarah (2005) Ed. *More time for Butterburn and Bucklemaker Courts? The tenants' survey*
<<http://www.Glynn.net/images/Butterburn%20and%20Bucklemaker%20Tenants%27%20Survey.pdf>>

Glynn, Sarah (2009a) Ed. *Where the Other Half Lives: lower income housing in a neoliberal world* London; Pluto

Glynn, Sarah (2009b) Ed. *Butterburn and Bucklemaker Tenants' Survey – 4 years on*
<<http://www.Glynn.net/images/Butterburn%20and%20Bucklemaker%204%20years%20on.pdf>>

Glynn, Sarah (2010) 'The Tenants' Movement: incorporation and independence' in *The Glasgow Papers: Critical perspectives on community development*, edited by Akwugo Emejulu and Mae Shaw, *Community Development Journal*

Glynn, Sarah (2011) "“Regeneration” in Interesting Times: a story of privatisation and gentrification in a peripheral Scottish city' in *Social Mix: Gentrification by stealth?*, edited by Gary Bridge, Tim Butler, and Loretta Lees, Bristol: Policy Press

Hackworth, Jason and Neil Smith (2001) 'The changing state of gentrification' *Tijdschrift voor Economische en Sociale Geografie* 92(4)

Harvey, David (2005) *A Brief History of Neoliberalism* (Oxford: Oxford University Press)

House of Commons Council Housing Group (2005) 'Support for the "Fourth Option" for Council Housing: Report on the enquiry into the future funding of council housing 2004–2005'

<http://www.support4councilhousing.org.uk/report/resources/HoCCHG_report.pdf> [accessed Feb 2010]

Jacobs, Keith and Tony Manzi (2000) 'Performance indicators and social constructivism: conflict and control in housing management' *Critical Social Policy* 20

Kemeny, Jim (1981) *The Myth of Home Ownership: Private versus public choices in housing tenure*, London: Routledge and Kegan Paul

Klein, Naomi (2008) *The Shock Doctrine*, London: Penguin

Lees, Loretta, Tom Slater and Elvin Wyly (2008) *Gentrification* (Abingdon: Routledge)

Mooney, Gerry (2008) 'Urban Nightmares and Dystopias, or Places of Hope?' *Variant* 33

Peck, Jamie and Adam Tickell (2002) 'Neoliberalizing Space' *Antipode* 34(3): 380–404

Power, Anne (2008) 'Does demolition or refurbishment of old and inefficient homes help to increase our environmental, social and economic viability?' *Energy Policy* 36, pp 4487-4501

Scottish Executive (2003) *A Review of Scotland's Cities – The Analysis*, Section 4.3.8 <<http://www.scotland.gov.uk/Publications/2003/01/15950/15144>> [accessed Oct 2008]

Scottish Government (October 2007) *Firm Foundations: The Future of Housing in Scotland* Edinburgh: Scottish Government

Scottish Government (2008) *Firm Foundations: The Future of Housing in Scotland – An Analysis of Responses* Edinburgh: Scottish Government

Scottish Government (May 2010) *Housing: Fresh Thinking, New Ideas* Edinburgh: Scottish Government

Scottish Government (February 2011) *Homes Fit for the 21st Century: The Scottish Government's Strategy and Action Plan for Housing in the Next Decade: 2011-2020* Edinburgh: Scottish Government

Scottish Government (March 2008) *Housing Need and Demand Assessment Guidance*

Scottish Government (2009) *The Housing Revenue Account General Fund Contribution Limits (Scotland) Order SSI/2009/43*
<http://www.opsi.gov.uk/legislation/scotland/ssi2009/en/ssien_20090043_en.pdf>
[accessed Feb 2010]

Shelter (2009) *Building pressure: access to housing in Scotland in 2009*

Smith, Neil (2002) 'New Globalism, New Urbanism: Gentrification as Global Urban Strategy' *Antipode* 34(3)

Thomas, Bethan and Danny Dorling (2004) 'Knowing your place: Housing wealth and equality in Great Britain 1980–2003', London: Shelter

Wates Construction (December 2009) 'Feasibility Exercise: Derby Street Multis Residents Association, Butterburn and Bucklemaker Courts Dundee'

Watt, Paul (2009) 'Housing Stock Transfers, Regeneration and State-Led Gentrification in London' *Urban Policy and Research* 27:3 pp229-242

Zacchaeus 2000 Trust (2005) *Memorandum To The Prime Minister On Unaffordable Housing* <<http://www.z2k.org/sites/default/files/Memorandum-to-the-Prime-Minister-on-Unaffordable-Housing.pdf>> [accessed Feb 2010]