

Social Housing: the key to an equitable housing policy

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No one can welcome the very real hardship that the economic crisis is bringing to thousands of households, but the suddenness and depth of what is happening may at least encourage more people to question some of the underlying assumptions of the system that brought it about. British politicians may not be able to get away with actually saying, as Bush did, that it doesn't matter what the causes are, we just need a solution. However, little that has been proposed so far suggests much political willingness to examine fundamentals and move beyond immediate crisis management. Meetings such as this can help us try to broaden and deepen the debate, and I am very grateful for the opportunity to add my thoughts to the discussion.

This crisis was both predictable, and predicted by all those who recognised the danger of basing an economy on financial speculation. As has been dramatically brought home to us, housing was very much at the heart of that speculation. In 2007 it was estimated that as much as 60% of Britain's wealth was in property. This was not only unsustainable – as we are seeing – but an important cause of increasing inequality. The people who benefited were those who already owned more property than they needed to live in (or the money to invest in it); and the more they owned, the more they benefited. Their gains were made at the expense of those with fewer resources to start with.

Such extensive speculation in housing was made possible by the deregulation of the financial sector – and the resulting competition to lend ever-larger sums – and by a political climate that prioritises market forces above all other considerations. This has meant that housing has been officially considered primarily for its investment value, and not as homes. And this is the root of our current housing crisis.

The way out of that crisis is to stop regarding housing as speculative investment, and to start regarding it instead as investment in a better more equal society and in real improvements in quality of life.

There are a lot of fiscal measures and regulations that can be used to discourage the sort of speculative bubble that we've just experienced and make ownership more affordable; but not everyone will be able to, or even want to, own their own homes, and there is also a fundamental role to be played by social housing. If we wish to see a more equal society, then we need to ensure that a child's future does not depend on their parents' property ownership, and we should aim to make renting as attractive an option as owner occupation.

We are always being told about people's aspirations to become home owners, but these are aspirations that are the product of a society that has made other options less attractive, and that has exacted a financial penalty on those who don't own their home. What is more important is security of tenure, freedom to personalise a home, and affordable cost. We don't have to attempt to imagine a society where a household's housing tenure is unimportant: it existed in 1960s Sweden – until the equilibrium was destroyed by the destabilising impact of mortgage interest tax relief.

And, increasingly, families finding themselves weighed down by growing mortgage debt - in fear of potential repair bills they can't afford, or of losing their home if personal circumstances change – may be finding it easy to question the real value of their own move into home ownership.

For renting to be as attractive as ownership, rented homes have to be of good quality, rental agreements have to be secure (but also give tenants flexibility) and rents have to be genuinely affordable and significantly less than the cost of paying off a mortgage.

On both sides of the border, there has been growing government pressure to rely on the private rented sector, but, just as in the past, commercial pressures tend to increase rents and decrease standards and security of tenure. Private renting contributes to wealth inequality through the transfer of money from poorer tenants to richer landlords, and buy-to-let boosted the speculative bubble. As past history demonstrates, good quality secure and affordable rented homes can only be achieved through the use of subsidised social housing.

And here I must risk offending my colleagues in the housing association sector by pointing out that both for best value for money, and also for democratic control, this social housing should be provided by local councils. This argument is well set out in the report by the House of Commons Council Housing Group, which is available on line:

http://www.support4councilhousing.org.uk/report/resources/HoCCHG_report.pdf

Councils are being pushed into promoting stock transfer, and also into relying on housing associations to provide new social housing, through rules that make resources available for housing associations and not for council housing departments. But these rules are arbitrary, and driven by an ideological prejudice against public housing rather than by what is best for tenants or for taxpayers more generally. Such rules need to be challenged.

It is also important not to be tempted by arguments that small housing associations are somehow different, and exempt from the commercial pressures that dominate the big organisations. Of course some housing associations are more locally responsive and responsible than others, but if small associations do not bow to commercial pressures then they will soon be taken over by bigger ones. In fact many small organisations have already proved themselves not commercially viable and have been taken over.

I should also add that social housing provision through developer-led design-and-build competition, as proposed in Firm Foundations, would result in repetitive schemes with low design input and little knowledge of local topology or local needs.

More council housing may sound like an expensive option from a government point of view, but it is necessary to look at the wider picture.

First there are the direct savings. Current plans in places such as Dundee (where I live) involve large-scale demolitions of council housing and the provision of smaller amounts of new housing-association housing, resulting in a net loss of social homes and a transfer of tenure type from council to housing association. These plans are dependent on government subsidies, and generally cost much more than upgrading

existing buildings to conform to new standards. Subsidy regimes that encourage such practices need to be changed.

Large savings (both one-off and in running costs) could also be made by ending the drive towards stock transfer and investing directly in council housing (as the House of Commons Council Housing Group Report demonstrates).

And more tenants paying low council rents would mean less housing benefit subsidising the profits of private landlords, and fewer families caught in the benefit trap.

Then there is the important boost that investment in council housing would bring to our beleaguered construction industry, through providing a crucial and reliable source of work – some Keynesian pump priming where it's most needed.

And last, and most significant, though impossible to measure, there are the savings that result from better housing, better health and life chances, and greater social cohesion. The wider financial penalties of failures in housing provision have long been recognised, and research looking at some of the exported costs of today's crisis in affordable housing is being carried out by Peter Ambrose in Brighton and by John Bone in Aberdeen.

A policy for promoting council housing as a genuinely attractive, as well as affordable, option should begin by scrapping the current model used to calculate social housing need. This model is based on two, very worrying, assumptions: that social housing should only be made available as a last resort, with everyone else forced to rely on the market, even if it leaves them just above benefit levels: and that councils should only have to meet 1/10 of the backlog of housing need each year. Use of this mathematical model translates Glasgow's backlog need for 29,603 social rented homes – almost half due to overcrowding and sharing – into a claim that Glasgow has a net surplus of social housing relets of 4,590 homes a year. It allows councils such as Glasgow and Dundee, with long housing waiting lists, to proceed with large-scale demolition plans resulting in the net loss of thousands of socially-rented homes. This is an example of how badly we can go wrong when we rely on a target-driven culture built on a manipulable structure of statistics.

As with claims about need, we have to re-examine arguments about low demand, which are also used to support demolition plans. If homes are indeed not wanted (and this is by no means always the case) we need to ask why. Housing demand is not a fixed thing waiting for researchers to discover. If homes are invested in and made more attractive, then demand will go up in response. These images demonstrate this through two identically planned groups of blocks in Lochee. One group was allowed to become very run down, and few residents objected to being moved out to allow its recent demolition. The other received an injection of money and a makeover some years back, and the flats are much sought after.

In fact, we need a fundamental rethink on current policies of large-scale demolition of fundamentally sound housing.

This is something I have been investigating in Dundee, where our city council is intent on ploughing ahead with a major programme of council house demolitions. Whenever this is questioned, both councillors and council officers respond by saying that they're demolishing homes that no-one needs or wants to save the money required to improve the rest of their stock. By working with tenants, and also by analysing the crucial consultant's report on which decisions were based (and which we had to extract through freedom of information legislation), we've shown that council housing is needed, that these homes are generally far from unwanted, and that the whole process is actually hugely more expensive than upgrading this housing. Such policies are also hugely wasteful of energy – we are being asked to recycle plastic bags, but throw away whole buildings.

We need investment in new council housing too, but we can start by improving what we already have.

We also need to look critically at current assumptions about the desirability of tenure mix. A growing international body of evidence – including large scale quantitative studies produced by the Centre for Housing Research at St Andrews – has raised serious doubts about the assumed benefits of living in a mixed tenure neighbourhood. At the same time, policies based on these assumptions are being used to displace poorer residents from city centres and other valuable land, and are forcing social housing out to the less desirable geographical margins. We do, of course, need to be concerned about the residualisation of council housing and the concentrations of poverty that have resulted from years of under-investment and from the right-to buy sales of most of the best homes. However, if council housing was improved and expanded, then the social base of its tenants would also widen.

To help all this to happen, we need a concerted push for the UK Treasury to write off councils' historic housing debts without linking this to stock transfer. As Audit Scotland has made clear, debt write-off involves the movement of funds from one part of the government to another so has no net financial cost. But debt write-off has been made dependent on stock transfer, in order to try and push transfer through against the clear wishes of the majority of tenants. Interest charges currently make up a huge proportion of council housing expenditure (30% in Dundee) – money that should be spent on bringing homes up to the new standards.

And in order to maintain stocks of good homes it is also essential that we end the right-to-buy for existing as well as new social housing.

Finally, an important element in the maintenance of good social housing is recognition of the role of independent tenants' groups as representatives of tenants' interests. There has been a lot of concern among tenants that the current system of registered tenants' organisations is being used as a way of controlling rather than empowering them – a tenants' equivalent of state-controlled unions. There should also be the opportunity for tenants to be more involved in the day to day management of their homes in co-operation with their landlord (as happened relatively successfully in Glasgow's Tenant Management Co-ops before they were dismantled by the GHA), but this needs to be quite separate from the independent tenants' organisations.

Recent events have brought a new acknowledgement that council housing has a role to play. But this has hardly been backed up by much significant funding, or by policy innovation. Most of the money that's being made available for councils is not new but has just been brought forward from future budgets, and spending proposals often have more to do with bailing out speculative builders than providing the best homes for those who need to rent. There is still much more concern about the crisis in the housing market than the crisis in housing.

Many of the changes I have proposed would require some fundamental rethinking and refocusing at Westminster as well as at Holyrood, and some of you may be thinking that such ideas are not likely to be accepted. But I believe that it is my role as an academic to put forward an analysis and proposals that could actually work and then to argue for it. Some fundamental rethinking is necessary and the case for this has to be made. I could have suggested small changes within existing systems, but I really don't think they would make much of a difference. I can only hope, as I said at the beginning, that the current crisis will make some of those with responsibility for the nation's housing readdress their approach and bring council housing in from the cold. And not just with fine words, but with the actions to back them up.