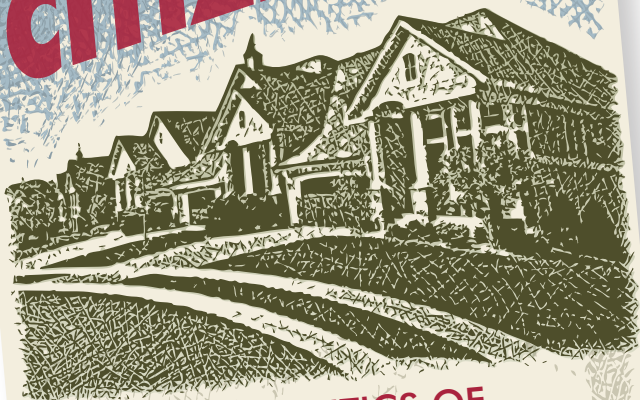


FABIAN SOCIETY

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HOMES FOR CITIZENS



THE POLITICS OF
A FAIR HOUSING POLICY

Edited by James Gregory

With chapters by Vidhya Alakeson, Richard Capie,
Kate Green, Brian Johnson, Matt Leach, Nick
Raynsford, Duncan Shrubsole, and Rebecca Tunstall

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This Fabian Ideas pamphlet is published in partnership with Moat and Crisis.

About Moat

Moat is a housing association providing affordable homes in thriving communities for people in the South East of England. For over forty years, Moat has delivered high quality general needs homes for affordable rent, supported accommodation and tenancy support services.

Moat is also one of the Homes and Communities Agency's development partners and is the appointed Local HomeBuy Agent in Essex, Kent and Sussex. It manages approximately 20,000 homes and employs 430 people.

About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives.

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1. Introduction

James Gregory

For very many of us, whether we're living in social housing, renting in the private sector or paying back a mortgage, housing costs are a source of great anxiety and concern. Polling frequently reveals that around a quarter of households find it a struggle to meet their housing costs. In a major piece of research conducted by Shelter in 2010, it emerged that 27 per cent of social renters and 34 per cent of owner-occupiers actually lost sleep through worry about their housing costs.¹ Polling for the TUC yields similar results: one in four people said that the stress of keeping up with mortgage or rent payments has affected their performance at work.² With rents in many areas continuing to rise and the inevitability of an interest rate hike for owners, there is very little reason to think that this situation is set to get any better.

However, there is a real and surprising barrier for anyone trying to solve Britain's housing problems – despite this widespread anxiety there is very little sense of housing as a *political* problem that a social or campaign movement could coalesce around. This has largely been because of a failure of the left to understand the extent to which we need to treat housing needs, and solutions, holistically rather than as a series of discrete problems affecting different household 'types' and tenures. By this I do not just mean – in the valid but worn cliché – that we need more 'joined up' policy in

housing, bringing together housing provision with other services such as debt or employment advice. We do indeed need more of this. But we also need a more nuanced understanding of how policy interventions or reform in one housing 'sector' can have repercussions in others. That is the core aim of this book.

In the past we have made the wrong arguments. Too often the argument for addressing the chronic undersupply of social housing, for example, has emphasised the social injustice of failing to meet the housing needs of the most vulnerable in our society. In fact, we will have more hope of addressing this injustice if we highlight the positive effects of greater social supply on every household – that it would take much of the heat out of the housing market and bring ownership nearer the reach of many more people whilst also reducing demand in the private rental sector. There is no need here for a trade-off between 'need' and 'aspiration': creating a more stable housing market for aspiring buyers does not entail the neglect of either social or private rental housing. On the contrary, stability in the housing market positively requires a holistic approach to reforms in other sectors.

In particular it requires a more coherent approach to the place of the private rental sector in our housing landscape. For too long public policy has adopted a hands-off approach to private renting, with far less attention to regulation and consumer rights than we should expect in a modern market.

Meanwhile, though, the foundations of a progressive politics of housing are perfectly clear: they are animated by an ideal of integration and a real sense, in the phrase of the day, that we are all in it together. Of course, there are many people who are not in the same boat when it comes to housing need; for some there is little or no struggle. But where people are struggling we should resist the urge to think of different types of struggle for

different ‘types’ (tenures) of household. This thinking has constrained the politics of housing in Britain for decades and, at worst, has sustained a housing policy that has literally segregated many social housing tenants from mainstream society and the opportunities it brings.

Ideals alone are clearly not enough – and this collection of essays aims to offer some insights into policy means as well as political ends. We are proposing three policies that are especially important.

The first policy is the need for flexible rent in social housing, with **rents better reflecting households’ ability to pay**.

On grounds of both fairness and the efficient use of relatively scarce common resources, it makes less and less sense for us to fully subsidise higher-income households, however much many on the left would like to do so.

We have all read tabloid stories accusing MPs and high-

ranking union officials who live in ‘council housing’ of hypocritically playing the system. This presents a dilemma: while these individuals’ cases may be entirely understandable, the fact is that there are a great number of people who are waiting for social housing and are clearly in greater need of support. This applies not just to the extreme cases of these social tenants earning more than a £100k a year, but, more importantly, to the greater number who are earning half that amount and still want to remain in their homes.

Progressives must have something sensible to say about this dilemma. We need a fair and flexible rental policy that does not thwart the aspirations of those who are happy to remain social

For anyone who cares about social mix, ending security of tenure would be a disaster.

tenants, but which also insists on a proportionately greater contribution when they are able to afford it.

This is not to be confused with an end to security of tenure. Ending such security would mean that a family would have to move home if their financial circumstances improved. Terminating a social tenancy because of a positive development in someone's life is retrograde and has a number of perverse outcomes, not least that the loss of tenure acts as a disincentive to seek work and that an end to security of tenure would further residualise social housing, reinforcing its status as the tenure of last resort. For anyone who cares about the principle of social mix in our housing stock, this will be a disaster.

A second important and defining policy is to find **ways for homeowners to stay in their homes even in times of financial difficulty**.

The principle of 'staircasing' has generally been understood by housing policy wonks as a way to help households into ownership, giving individuals part-ownership of a home (the rest typically being owned by a housing association), with the option to 'staircase up' to full ownership when they can afford to do so. There is nothing wrong with this principle. Although it has had a limited impact in practice, it has met the housing aspirations of some, and we should continue to pursue such schemes.

But we should also complete the metaphor and remember that staircases go down as well as up. One of the key problems we face in this country is that all legitimate aspiration leads to the end goal of ownership. Once there the assumption is that the owner is now truly independent and no longer in need of support, except at the most acute point of crisis when there is a threat of foreclosure. At this point households face the prospect of falling off a cliff-edge rather than a gentler journey back down the staircase. Instead we should be looking at ways of easing

this transition, ideally allowing individuals and families to stay in their home as renters or part-owners.

This can be an expensive option and some imaginative thinking is required if it is to be sustainable and mainstream option in our policy toolkit – and it should also be part of a package of measures designed to ensure that far fewer households reach the point of crisis.

Thus, the third policy development is in increasingly holistic housing management: giving homeowners – and some in the private rental sector – the same advice and support as social housing tenants get.

Holistic housing management – already practiced amongst a small number of housing associations – means more than the collection of rent and the maintenance of bricks and mortar. Housing associations should be bringing some owners into the same framework of support that is offered to social tenants, and which should also be available to those in the private rental sector. The key here is to offer a more preventative service in which a range of residents in an area are able to access financial and employment advice before they reach the point of crisis.

And politically the message is clear: the state is there to help everyone who needs support, regardless of the artificial tenure boundaries and policy ‘silos’ in which we have traditionally understood housing needs and aspirations in Britain.

A very British hierarchy

This book seeks to help the centre-left develop a more holistic style of thinking about both the policy and, crucially, the *politics* of housing. It does so under three headings and themes: ‘Legacy and Vision; ‘Vulnerability and Need’; and ‘Security and Aspiration’. The authors in this collection set out some clear policy proposals – some of which will challenge the conventional thinking of many on the left – while still cleaving to

the principle that a future housing settlement must strive to be in the interests of, and attractive to, all segments of society.

For this to be coherent we need a firmer understanding of what the left wants housing to achieve within a broader view of what it thinks 'the good society' is. We need, in short, a political vision that combines principle and mass appeal, that engages with the 12 million voting adults – the 'one in four' – who are worried about their housing costs. Some of these people will be the 'squeezed middle' we have heard so much about lately – too financially secure to receive significant help from the state, but still struggling to live comfortably. Some of that squeezed middle might also be described by the phrase recently coined by the *Daily Mail*,³ the 'nouveau poor' – owners with households incomes as high as £60,000 a year, yet still struggling to make ends meet. 'Affordability', in short, runs through the everyday concerns of large sections of the population. And it is an issue that a renewed Labour Party can and should adopt as its own.

For Labour, the first step is the construction of a coherent understanding of the place of housing in British society. Crucially, that understanding needs to reflect the common needs and perceptions across all types of tenure; a sense that we are all in it together. We have lacked this sense in large part because the British housing system is both inherently hierarchical – with owner-occupation at the top of the hierarchy and social housing at the bottom – and segmented into strict categories that structure the way we think about different households. The thinking goes something like this: Social tenants are 'problematic', they have the most needs and should be the focus of public policy, but owner-occupiers are 'independent', and only need the state at very specific points of crisis (such as when there is a threat of repossession) and then only in a very limited form. In this narrative, private renters are seen as somewhere in between: a kind of tenure limbo, either struggling in the sector

because of scarcity of social housing, or waiting until they can afford to buy.

This thinking has, in large part, been the result of decades of political messaging that has reinforced the great British tenure hierarchy. The last Labour Government did little to change this, as its messages about housing tended to be targeted at different tenure segments and social groups. If you are a social tenant you will have benefited from the Decent Homes programme, but you probably won't know you did.

Much of this lack of messaging must be directly attributable to electoral politics and the strategic positioning of a Cabinet Office worried that social housing is politically unpopular.

And, to a large extent, this assumption is well-grounded: a majority of the electorate will not have wanted to hear about social housing as it meets the needs of a group of people who have often been portrayed as inherently different: the 'chavs'

Gordon Brown affirmed in his first interview as Prime Minister that he wanted Labour to be the party of property.

of the sink-estate, in the demonology of the press and in the sub-text of too much political rhetoric on welfare reform.⁴

In this context it is perhaps unsurprising that any explicitly positive message about housing is addressed to 'aspiration' and ownership, bringing with it an expectation of independence from the state and other citizens. In the purest expression of this relationship between ownership and independence there is an ill-concealed assumption that ownership confers a superior sense of citizenship – and a greater sense that those who own are more fully participating in British society. Private renters, if they are addressed at all, are assumed to 'aspire' simply to take the next step up the tenure hierarchy.

This cannot be the politics of the progressive left, and I do not suggest that it was ever an ideology that Labour politics embraced. Yet in many respects it has been *in hoc* with the ideology of ownership as a superior tenure. After all, it seems to make very obvious electoral sense. We see clear traces of this electoral positioning in the language of ‘property-owning democracy’. Traditionally a cornerstone of conservative thinking in Britain, Labour took a firm ideological stake in it during its period in office. In a seemingly clever piece of ‘triangulation’, Gordon Brown affirmed in his first interview as Prime Minister that he wanted Labour to be the party of property,⁵ giving it an egalitarian twist by seeking to extend the goods of homeownership as widely as possible.

It would be perverse to deny the legitimacy of the aspiration to own, but there is also a fundamental reality that often goes unsaid: many owners are not in fact ‘independent’ in a positive sense, but have needs similar to those in both social and private rental housing. The binary distinction between dependence and independence in housing is a convenient political falsehood, obscuring the needs of many owners and blinding us to the possibilities of a broader electoral coalition built upon shared needs and aspiration.

It is a myth because the most acute problems of affordability can be felt across different tenures. In fact, over the last decade half of all households in poverty have been owner-occupiers.⁶ Further analysis tells us that some 2 million working age adults living in owner-occupied homes are living in poverty; a figure that is very similar to the number of people living in poverty in social housing.⁷

Clearly, this requires some clear policy reform, bringing greater support to owners and inclusion in some of the same schemes and systems offered to renters. But if these policy reforms are to be possible we also need to challenge

the *politics* that have built around the mythical distinction between ‘dependent’ and ‘independent’ households.

This is an ambitious agenda to shape. But as we saw with Thatcher and the ‘right to buy’, it is possible to shape a whole political and social narrative around housing – and to do so through a concrete policy mechanism. Hers, we should note, was not *just* a narrative, not just a process of political and electoral positioning: it was also a radical policy, with very real and tangible effects. There is much to criticise about the ‘right to buy’ legislation and process, not least the loss, and failure to replace, the best social housing stock. But it is also true that the left singularly failed to offer an alternative account – with policies to match – of the proper role of the state in meeting a variety of housing needs and aspirations.

Now is the moment to do so. And if it is to be successful it must face the following three challenges.

Challenge 1

Return to the ideal of mixed communities

There has been a good deal of controversy and confusion around the notion of mixed communities over the last five years. However, the basic principle is very simple. Our housing and planning framework must not separate households by income and social background. We must avoid either the mono-tenure estates of the poor or the gated communities of the affluent. The vision, in short, is that of Nye Bevan sixty years ago: where the doctor, the grocer, the butcher and the laborer all live side-by-side in a ‘living tapestry’ of social mix. It is not, we should note, some parsimonious ambition of creating isolated pockets of mix (as we have seen with ‘mixed community’ estates and developments), but for mix to be the norm across all our housing stock. In practice this means a

policy of mixed tenure – mixing social and private rental amongst owner-occupied houses – but we must always be guided by the recognition that mixed tenure is a proxy for mixed income (or ‘class’ in old money).

This does *not* mean that there has to be some kind of utopian social interaction. Nor should we expect the influence of the more affluent to suddenly change the aspiration and expectations of disadvantaged households in social housing (there is little evidence of a ‘peer effect’ increasing rates of employment, for example). But there is good evidence to suggest that mix is economically viable and, perhaps more importantly, that it creates a rather prosaic sense of common understanding: the sense that people from different tenures and backgrounds are ‘ordinary’ – really not so different from ‘us’. This is of potentially great significance if we are to build a coalition built around common need and understanding. It should also, quite simply, be an end itself for a movement that believes in social equality.

There are some more detailed challenges here. Creating genuine mix was an uphill struggle in the boom years, when we relied so much on private developers to cross-subsidise social housing units from private sales. The perception (often justified) that buyers would not want to live next to social tenants led to segregation within developments, and was a prejudice that local authorities should never have pandered to. There is, however, little point in dwelling on a regrettable past. The fact now is that we face a massive financial challenge in creating mix, and should think imaginatively about how local authorities, housing associations and others can plan and build for mix. At all costs, we must not revert to the pursuit of volume over well-planned, mixed housing which provides attractive homes for private renters as well as for owners and social tenants.

Planning policy at the moment is in limbo. It is likely to lead to the vested interests of the more affluent crowding out the needs of the poorer, and it does not bode well for mix. Simple oppositionalism, however, will not cut it. The left needs to recognise that there is something desirable about greater local control of planning, and think about ways to embed the notion that in housing we are in fact all in it together.

Finally, we need to know that mix is not all about planning. Income matters too and perhaps the greatest threat to mix now is the deeply misguided reforms to housing benefit, which will push so many households in the private rental sector into exclusively poor areas.

Challenge 2

Break down the hierarchy of tenures

Mix itself has the potential to break down much of the sense of a moralised tenure hierarchy. Contact with different households can create a sense of ordinariness and can challenge stigma. We have seen this in Fabian Society polling, conducted in 2009, which found that those with closer contact to social housing tenants both regarded them more favourably and were more supportive of the kind of welfare policies favoured by the progressive left.⁸

Yet mix alone is not enough for a progressive housing policy framework. We also need to create a more fluid system in which households can move in or out of a tenure as their circumstances and aspirations change. This is not to subscribe to a crude rejection of the principle of security of tenure in social housing: 'flexibility' here should not mean having to up sticks and moving to another property, it could be as simple as rising a tenant's rate to nearer the market level.

Thus, if the left wants to be heard in this debate there is a need for an alternative, fairer and more coherent account of how we can best use limited housing subsidies without creating a new series of 'perverse incentives' that discourage individuals from improving their financial circumstances for fear it will lead to the loss of their home. Stability and aspiration will not be served if households cannot remain in the place that they come to regard as 'home'. Sometimes that will mean providing the opportunity to buy the home, perhaps starting with a small stake (with the rest owned by a social landlord) and then 'stair-casing' up to full ownership. Sometimes it will mean that the home will become privately rented.

Equally, however, we need to offer the security of allowing struggling owners to become renters or part-owners of their home where this is possible. In January 2009, Gordon Brown's Government began a limited scheme designed to do just this during the recession, but this scheme was very highly targeted (with only those who would have otherwise immediately qualified for social housing being eligible), and not part of mainstream policy. Instead, many households have ended up relying on an unscrupulous private sector offering 'buy and rent back' deals which often force the tenants out of their home after a short period.

Of course, if 'buy and rent back' were to become a national policy, local authorities would have to be careful to administer it in a way that does not lead to the public taking on a large number of unsuitable properties at an excessively high cost. But it is the right kind of direction for a popular and progressive housing policy, serving both of the twin objectives of security and aspiration.

Challenge 3

Forge a fundamentally new settlement

Finally, there is a need, across the political spectrum, for a far clearer account of the role we expect housing assets to play in our society – and how far families and households should be gambling their futures on house price rises. Since the 1980s there has been a growing assumption that one's home is a valuable store of wealth for future welfare consumption, especially in retirement.

If housing wealth really is to finance future welfare consumption, and if this is to be the basis of a new progressive and financially stable welfare settlement, we need a much clearer and more coherent account of what such a settlement would look like. Specifically, we would need a far better equity release market and more suitable options for downsizing before retirement.

We must break down the distinctions that we have drawn between different tenures and 'types' of citizen.

We would also need to articulate the social contract that a housing asset-based welfare regime presupposes. How much of an individual's housing wealth is actually theirs if it is to partially replace taxpayer-funded welfare spending? How much, and how explicitly, are we to use public money to build up a store of wealth for individuals? How can we avoid the danger of following Singapore, which has actively pursued a welfare framework for housing wealth, and finding our economic policy almost entirely subverted by the need to drive house price growth? More fundamentally, what is to happen to the minority who, inevitably, will

never make it on to the housing ladder in a sustainable way (if at all)? The real danger here is that they will be left to the mercy of an ever more residualised safety net, whilst the rest of us happily sign up to a new social pact between responsible and ostensibly self-financing citizens.

These challenges raise some hard questions that cannot be ducked if those of us in progressive politics want to lead the way on either welfare or housing. To build the basis for a fair and efficient housing framework, we must break down the distinctions that we have drawn between different tenures and 'types' of citizen. The essays in the collection show us how best to meet this challenge.

Footnotes

- 1 Shelter, *The Human Cost*, 2010.
- 2 James Gregory, *Can Housing Work for Workers?* Touchstone Papers, TUC, 2011.
- 3 *The Daily Mail*, 21 April 2011.
- 4 Much of this negative stereotyping is brought out in *Public attitudes to housing in England*, Department for Communities and Local Government, 2011.
- 5 http://news.bbc.co.uk/1/hi/programmes/sunday_am/7009077.stm.
- 6 Roger Burrows and Steve Wilcox, *Half the Poor? The Growth of Low-Income. Home-Ownership*. Council of Mortgage Lenders, 2000.
- 7 *Can Housing Work for Workers?* TUC, 2011.
- 8 *In the Mix; narrowing the gap between public and private housing*, The Fabian Society, 2009.

LEGACY AND VISION

Homes for Citizens

2. The Place of Social Housing

Nick Raynsford

An analysis of the history that led to social housing being seen as the tenure of last resort helps to make a strong case for a renewed emphasis on mixed communities as a means of creating a fair housing settlement that meets the aspirations of a wide variety of households.

What role should social housing play in the development of a fair and cohesive society? This question, if posed at different points in time over the past 150 years would have prompted very different answers. This isn't just a reflection of the different attitudes towards social housing adopted by political leaders and the public. The different answers would also have mirrored significant changes in the housing market and in the wider economy over that period.

The emergence of the earliest social housing in Victorian Britain was in part a response to growing concern about the shocking and insanitary condition of much working class housing in our rapidly expanding cities. But it also demonstrated a strand of enlightened self-interest on the part of industrialists, who realised that the continued growth of their businesses would depend on a healthy and dependable workforce. The model dwellings built by Robert Owen, Titus Salt, the Cadburys and George Peabody as well as

those promoted by Prince Albert as part of the Great Exhibition in 1851, were as much the product of neo-feudal social engineering as of idealism and philanthropy.

What united these early private initiatives with the first exemplars of council housing which began to appear at the end of the 19th Century was a belief that such housing should be made available to the industrious working class. Those housed were generally families seen as 'respectable' and 'deserving', and were subject to checks on their house-keeping standards, as well as their ability to pay the rent. This was not by any means housing for the poorest. Indeed social housing continued for the next half-century or more to be seen as an aspirational tenure, generally only available to the better off working class. The vast majority of the population continued well into the 20th Century to rent their homes from private landlords, and those who either owned their homes or had a social tenancy were generally seen as occupying a privileged tenure.

The period of 50 years from the end of the First World War through to the late 1960s was the heyday of British social housing. The size of the sector expanded dramatically, though not as fast as owner-occupation, the other favoured tenure. The expansion reflected both political support and favourable financing arrangements. Indeed politicians vied with each other to be seen to be building more and better homes. From Lloyd George (Homes for Heroes) and Nye Bevan (whose Ministerial remit covered both housing and health) to Harold Macmillan (300,000 homes a year) and Harold Wilson (400,000 homes a year) all saw an expansion of housebuilding and specifically council housebuilding as a key political priority.

Throughout that period owner-occupation and council housing developed as not just the most coveted but also the

largest tenures, with private renting declining from housing around 90 per cent of the population at the start of the 20th Century to a stigmatised and residual rump, fatally tarnished by the image of rogue landlord Peter Rachman. But the rapid expansion of council housing also sowed the seeds of future decline. In their focus on boosting numbers, the politicians, particularly in the 1950s and 1960s, gave insufficient attention to issues of quality and community. Bulldozing the slums to make way for large new council estates appeared to be the solution at the time. But within a surprisingly short period, the prized new estates had become the new slums.

Poor design and construction standards led to serious problems of dampness, disrepair, malfunctioning district heating systems and social isolation. Inadequate management and maintenance compounded the problem, with councils concentrating on the more glamorous role of new building rather than keeping their existing stock in good condition. The perceived political imperative for many councillors of keeping council rents down for fear of an electoral backlash, also contributed to the problem, for the resources necessary for proper management and maintenance of estates that were now housing more than a third of the population, were simply not provided.

The transformation of what had been conceived and even sometimes described as the 'New Jerusalem' – model new housing estates – into unpopular dumping grounds was symbolised by Ronan Point in Newham. The collapse of one side of this tower block following a gas explosion provided a powerful visual symbol of the loss of confidence in social housing. But of itself this would not have been sufficient to reverse the expansionary trend in social housing, any more than the Tay Bridge disaster was able to reverse

the expansion of the railways in Victorian Britain. Two other more fundamental trends were responsible.

The first was the attraction of owner-occupation – the other growth tenure of the mid 20th Century. Whereas previously owning one's own home had been an aspiration for only a relatively small and well-off section of the population, by the 1970s it was increasingly within the reach of a much wider cross-section of society. The 1980 Housing Act provided the opportunity for council tenants to buy their homes with very generous discounts, and not surprisingly large numbers seized the chance.

Because the Conservative Government would not allow the proceeds of those sales to be reinvested in the provision of new homes or in the improvement of existing, substandard council properties, the 'right to buy' had a profoundly malign effect. The size of the stock shrunk rapidly while its condition continued to deteriorate. Indeed because, not surprisingly, the best quality and most popular council housing sold quickest, the already tarnished image of the council housing sector was further damaged. By the 1990s new council building had effectively ceased, while the condition of the remaining stock was growing worse at an alarming rate, with the cost of remedying the backlog of disrepair estimated by the mid 90s at a staggering £19bn.

The second trend compounded the process, albeit unintentionally. This was the increased emphasis on allocating council tenancies on the basis of need. As the size of the council stock had increased, it became less and less defensible to reserve this housing for the 'respectable' and 'deserving', let alone for councillors to choose who should get the keys of a new flat. So throughout the 1960s and 1970s councils came under increased pressure to adopt needs-based allocation policies. In 1977 the Homeless

Persons Act reinforced this process. Previously the relief of homelessness had been seen as a separate process to housing allocations. The homeless had tended to be accommodated in former workhouses and other unsuitable types of building rather than in mainstream council housing. Exposure by the 1960s TV film *Cathy Come Home* of the inhumane treatment meted out to homeless families, generated the impetus for a campaign which ultimately led to the 1977 Act. This was a triumph for humane policy and social inclusion, but inevitably it led to an ever-increasing proportion of council lettings going to the most vulnerable.

Coupled with the decline over subsequent years in the number of council homes and the deterioration of their condition, a greater concentration of the poorest and most vulnerable in the sector was an inevitable recipe for residulisation. What had, a mere 30 years earlier, been a tenure for the aspirational, was transformed into a stigmatised tenure of last resort, increasingly providing only for those who had no other option.

Housing has slid down the pecking order and has hardly featured in election debates over the past three decades.

Had that trajectory been anticipated and described in advance, it is inconceivable that it would have been chosen by politicians or the public. That it has come about partly reflects a series of incremental changes to policy not one of which on its own would have generated that outcome. But it is also the product of the decline in the political saliency of housing. Whereas in the half-century from 1918 to 1970 housing was one of the top national political priorities which politicians ignored at their peril, the issue subsequently slid

down the pecking order and has hardly featured in General Election debates over the past three decades. In the immediate post-war period there was widespread public support for housebuilding programmes and a sense of obligation to meet society's needs through both public and private sectors. Social housing as well as private housing was seen by most sections of the population as meeting the needs of people like themselves, so carried strong political support.

However as council housing became more residualised, the proportion of the population who saw it as in any way meeting their needs or aspirations shrank dramatically. While the numbers in need for social housing remain considerable, they are only a minority (at most a quarter) of the total population, and the majority have generally turned their back on the tenure. This is the classic outcome of a welfare system narrowly targeted on minorities in need. However strongly the case can be advanced for the provision, it will always struggle to win widespread public support because the majority of the electorate have no involvement in it.

In the case of council housing the problem is aggravated by the spatial segregation of many estates. One of the most unfortunate characteristics of the boom years of social housing was the tendency for council homes and private ones to be built separately in mono-tenure developments, creating a form of social apartheid. This was perhaps not as much a problem when both tenures were seen as aspirational and when council housing was occupied by a much wider range of people with varied income levels. But the concentration of poor and disadvantaged groups in a single tenure physically separated from the rest is a disaster.

This spatial segregation has generally affected council housing more than housing associations, reflecting the

different development trajectories of the two distinct types of social housing landlord. After setting the trend in the provision of social housing in the 19th Century, housing associations played a relatively minor role through the first six decades of the 20th Century, the era in which councils were very much in the lead.

The re-emergence of housing associations from the 1960s onwards to their current position can be attributed to three main factors. First was the 'rediscovery' of homelessness and housing deprivation in the 1960s, associated with the screening of *Cathy Come Home* and the foundation of charities such as Crisis and Shelter. The revelations of the extent of unmet needs and the failure of the welfare state to provide for them prompted the emergence of a new generation of Housing Associations, which deliberately targeted parts of cities such as Paddington and Notting Hill in London (Rachman's patch) and Liverpool 8, where the local authority housing programmes were not adequately meeting needs.

Secondly Governments of both main political persuasions encouraged the growth of the housing association sector to provide not just an additional resource to deliver new and improved houses, but a degree of choice and pluralism in a situation where local authorities had become near monopoly providers of social housing in most areas.

Thirdly as public funding of social housing began to be seriously cut under the Thatcher Government in the 1980s, the ability of housing associations to attract private sector investment made them an increasingly cost-effective vehicle for the delivery of social housing. By the 1990s it was clear that this ability to raise substantial funding from private leaders would be a vital additional resource to supplement public funds in tackling the huge disrepair backlog in

council housing which prompted an extensive stock transfer programme.

As a consequence of these trends housing associations currently own just over half of all social housing in England with local authorities and ALMOs owning the rest. Together they account for around 18 per cent of all housing in England. While the level of owner-occupation has slipped back a little over the past few years, not least because of the impact of the recession, all the evidence suggests a continuing aspiration for owner occupation on roughly this scale. However, those hoping to buy for the first time are likely to continue to face formidable obstacles in accessing home ownership certainly in the short term because of affordability and mortgage availability issues.

This is the context in which we need to determine what is the appropriate role for social housing in developing a fair and cohesive society. There are many different views about the potential role of the range of organisations involved in the provision of social housing, but it is possible to distinguish three broad scenarios for the future of social housing.

In the first, social housing would aim to recover the status it still enjoyed in the immediate post World War II period; a tenure of aspiration accommodating a wider range of people (perhaps 30 to 40 per cent of the population) on different income levels and so avoiding the problems of stigmatisation and residualisation. This “back to the future” scenario would however be very difficult to achieve and the cost of doing so would be prohibitive. Even if the supply of new social housing could be dramatically increased, which would imply massive public expenditure, it would take several years before sufficient homes were available to even

begin to make a significant change in the social composition of the sector. In the meantime this would pose huge political challenges to advocate giving priority in housing allocations to better off households so as to achieve a social mix when the consequence would be to leave more disadvantaged households unhoused. There would also be the difficult question to answer of whether it is reasonable to allocate substantial sums of public money to subsidise rents for relatively well-off households who could perfectly well afford to pay more for their housing, in the interests of social mix.

International evidence shows that the provision of social housing on the kind of scale envisaged has never been sustained in a free society with today's living standards and expectations. Indeed there is a very obvious question as to how long properties built for social rent would remain available for such use, if any form of 'right to buy' were to remain available. The alternative – denying social tenants the option to acquire an equity stake in their home in order to maintain the size of the social housing stock – looks a very dated and unattractive proposition. It certainly would be incompatible with the wish to make the tenure one of aspiration.

At the other end of the spectrum, there are those who advocate the end of social housing as we have known it in the UK. In their view it is more efficient to provide subsidies to people on low incomes who cannot afford a market price for housing than to deliver a supply of housing at sub-market rents. This has been a recurring theme of Conservative housing policy from the Heath Government's Housing Finance Act, through the Thatcher era where Housing Benefit was expected "to take the strain" of higher rents, to the present

Government's proposition that "affordable" rents should be set at 80 per cent of market levels. The inherent problem with this approach is the scale of benefit dependency created, particularly in high rent areas, which not only poses huge work disincentives but also generates unacceptable levels of benefit expenditure. It is of course telling that while one part of the current Government is advocating this new type of "affordable" tenancy, another arm is busily hacking back expenditure on Housing Benefit in a way which will make it impossible for many low income households to continue to afford rented accommodation in high cost areas. This of course leads directly to social segregation with those on middle to low incomes driven out of more affluent areas and having to find homes in the cheaper, probably stigmatised parts of their town or city.

A further fundamental problem with such an approach is its inability to generate sufficient homes to meet the country's needs. Whether under Heath in the 1970s, Thatcher in the 1980s or as is already becoming clear under Cameron in the 2010s, a switch away from capital investment in new social housing in favour of revenue subsidies, has always been associated with a decline in output. Facing as we do at present a chronic shortage of housing, the last thing we should be doing is damaging the supply of new homes. But that is precisely what the maladroit policies of the coalition Government are now achieving, undermining recovery in the private market and simultaneously slashing investment in social housing.

If neither of these two scenarios looks feasible or attractive, we need a third option. The key is to escape the traditional thinking which has concentrated unduly on tenure, and instead focus on the necessary precondition

for meeting the wide range of housing needs and aspirations that characterise our, and indeed most other modern advanced societies. That means ensuring a diversity of tenure options available to different groups of people at different stages in their lives, and increasing the flexibility to move between tenures, even while staying in the same home. Under this scenario, social housing while part of the overall scheme for housing provision would no longer be a distinct and separate type of housing, but part of the mix in all new housing developments.

The precise proportions of social housing to owner-occupied, low cost home ownership, market or intermediate rented housing would vary from scheme to scheme and area to area depending on patterns of need and demand, but the presumption in favour of an

It is possible to deliver a significant scale of affordable social housing even in difficult economic circumstances.

element of social housing being incorporated in all significant new developments would be non-negotiable. In parallel the process of tenure diversification would continue to apply in the case of existing mono-tenure estates to promote choice and allow a more balanced tenure mix to develop. There should also be a continuing presumption in favour of pluralism, with social housing being delivered by a range of providers including councils, housing associations and tenant-led or mutual organisations.

Not only would such an approach break down, over time, the rigid social divisions created by mono-tenure developments, but it would also allow for greater opportunities for individuals to change tenure to meet changing needs or

financial circumstances. So social tenants could acquire an equity share in their home if they wished, while home-owners could staircase down into shared-ownership or social renting if they could no longer afford full ownership or, for example, as a result of ageing, wanted to release some of the equity in their home. This much more flexible tenure pattern would become the norm and help to break down some of the barriers between tenures which we allowed to develop in the 20th Century.

Making a reality of this mixed-tenure scenario requires two further conditions, integrated management and a financial regime that supports the continued provision of subsidised social housing. The former is increasingly accepted as a vital component of successful mixed-tenure developments. Whether residents are outright owners, buying on a mortgage, in shared ownership, renting privately or in social rented housing, they should all have the right to expect high standards of management and quick action to tackle problems. The latter will require the reinstatement of funding for social housing in place of the 80 per cent of market rent formula being imposed by the Conservative/Lib Dem Government. While there will remain a niche for intermediate rented housing to provide for people who can afford more than social rents but cannot afford the full market level, this cannot be a satisfactory alternative for social renting. In high cost areas that would simply be a recipe for far deeper benefit dependence and more severe work disincentives – the very opposite of what we should be promoting.

As the experience of the Homes and Communities Agency in the period prior to the 2010 change of Government showed, it is possible to deliver a significant scale of social housing together with other affordable housing options, even in difficult economic circumstances.

Indeed this proved a very welcome contra-cyclical lifeline to the house building industry in the depths of recession. Furthermore there is an important lesson here for the future. Private and social housebuilding programmes are not alternatives and certainly not inherently in conflict. They can and should be mutually self-reinforcing, contributing to an expanded overall output of good quality homes. As the experience of housing associations has demonstrated, the creation of a strong asset base enables social landlords to 'sweat their assets' and so support a larger programme of new investment than would otherwise be possible. Within the context of a more flexible tenure pattern there will be scope to recycle profits from the sale of equity to shared-owners and tenants, which will in turn help to fund an ongoing investment programme. There is therefore no reason why good quality new social housing cannot continue to be provided as part of the mixed tenure scenario. Indeed it is a key component if we are to meet all our country's housing needs and build a fair and cohesive society.

Homes for Citizens

3. The Squeezed Middle

Vidhya Alakeson

The plight of the 'squeezed middle' – too affluent to qualify for social housing, but unable to buy their own homes – is becoming an urgent political issue. We need a vibrant and well-regulated private rental sector, with opportunities for big institutional investors to finance it.

In 1918 close to 80 per cent of households in Britain lived in rented accommodation. By 1998, renting had hit an all time low of 10 per cent of households. Over the course of the 20th Century, Britain transformed itself into a society of homeowners. Home ownership was not just about a having a secure place to live, it became the main way that people accumulated assets for themselves and their children. Owning a home became an increasingly important aspiration, a sign of moving up in society, but one that was within the reach of large numbers of working people.

Today, low-to-middle earners, particularly those under thirty five, are increasingly unlikely to realise their aspiration for home ownership as historically high house prices and a tight mortgage market make accumulating a deposit for a first home almost impossible. Housing is just one area where the living standards of low-to-middle earners are under pressure. Overall, those in the middle have not benefited from economic growth over the last decade. Stagnating wages, rising prices

and now cuts to tax credits and benefits are making the lives of those on low-to-middle incomes less comfortable and more precarious than in previous decades.

Today's young workers on modest incomes will raise families and potentially grow old in rented accommodation. But politicians continue to prioritise support for ownership rather than focusing on a more diversified housing strategy that will meet the needs of lower earners. This chapter will discuss recent economic trends for low-to-middle earners in Britain before describing their situation in the housing market. It will argue that housing policy needs to support a rental sector that can provide long-term housing for families and undo the myth that ownership is the only route to securing a good quality home.

Who are Britain's low-to-middle earners?

The Resolution Foundation defines low-to-middle earners conceptually as those who are too rich to benefit from government means-tested support and too poor to thrive in a mixed economy. They are not the most vulnerable in society. But in contrast to previous decades, their position has become more precarious.

Statistically, the group is defined as working age households in deciles two to five of the income distribution who do not receive more than 20 per cent of their income from means-tested benefits. For a couple with no children, this equates to a gross household income of between £12,000 and £30,000 a year. According to this definition, there are 6 million low-to-middle earning households or 11.1 million adults, compared to 3.3 million poorer, benefit reliant households and 9.4 million higher earner households.¹

What has happened to low-to-middle earners?

It used to be a safe assumption that economic growth translates into higher wages and a better quality of life for those in work. This relationship began to unravel for workers on low-to-middle incomes in Britain from 2003. While annual growth in median wages was a healthy 1.8 per cent between 1977 and 2003, from 2003 to 2009, annual wage growth was only 0.2 per cent. Given current economic circumstances, trends in median wages going forward are likely to remain bleak, with real wages in 2015 likely to be no higher than they were in 2003. Faster growth at the top than the middle of the income distribution since the 1980s has led to a rapid rise in inequality, with £28,650 separating median earnings from earnings at the 90th percentile in 2009 compared to £11,604 in 1980.²

While inequality may play a part in explaining the ‘decoupling’ of growth and wages that we have seen in Britain, changes in the nature of the labour market are likely to provide a more complete explanation. ‘Polarisation theory’ argues that the combination of globalisation and technological innovation has routinised, automated and exported mid-level jobs, hollowing out prospects for those on middle incomes. Lower skilled employment has remained because many of these jobs are in the service sector and cannot be exported or automated, for example hairdressing or waitressing. Meanwhile, the financial returns to high skilled jobs have grown as more economic value is derived from knowledge and creativity.³

Since earnings account for 90 per cent of income, stagnant wages have had a negative effect on living standards for low-to-middle earning families. This has been exacerbated by rising inflation, with the retail prices index currently at 5.4 per cent. This disproportionately affects low-to-middle earners because they spend a greater share of their income on food, fuel and housing where the inflation rate has been above average. An

anticipated rise in interest rates later this year will also affect the living standards of the group, particularly for those with mortgages. 96 per cent of low-to-middle earners with mortgages stand to lose from a 1 percentage point increase in interest rates, with 19 per cent losing £1000 a year or more.⁴

As wages have stagnated, living standards have been propped up by a combination of heavy lifting by the tax credit system, loose credit markets and dual earners. But each of these is hitting its limits. Tax credits were designed to encourage and reward work but they inevitably create serious disincentives to work at the margins and the entire system is creaking under the weight of its own complexity. While the universal credit aims to reduce that complexity, it will do little to change work incentives for the majority of families. Analysis commissioned by the Resolution Foundation indicates that under the universal credit, families will lose 76 pence of every marginal pound earned rather than 70 pence under the current tax credit system. Only families with very low earnings will face better work incentives than they currently do.⁵ Loose credit markets have been reined in since the financial crisis, with some products likely to disappear altogether as a result of stricter regulation. And while the role of women in the workplace has transformed in a generation, growth in the number of women entering the workforce has slowed from 7.8 per cent between 1971 and 1984 to 2.4 per cent between 1997 and 2010. It is unclear how many more women will continue to enter the labour market given family caring responsibilities.⁶

While the challenges facing low-to-middle earners predate the recession, the Government's deficit reduction strategy is not without consequence. Cuts to tax credits and other benefits will put a strain on family incomes at a time when prices are rising fast and VAT is historically high. Cuts to public services such as afterschool care, holiday clubs and social care

will also be hard for families to make up through private spending and could affect their ability to make work pay. Low-to-middle earners are the largest beneficiaries of investment in public services, in large part because they cannot afford to use private sector services that may offer higher quality or greater convenience to those on higher incomes.⁷

The housing needs of low-to-middle earners

Despite the recession, house prices remain six to seven times greater than average earnings, in large part because the supply of housing has not kept pace with demand for many years. Fewer homes were built in 2009 than in any year since 1924 and at current rates of supply demand is estimated to outstrip supply by 750,000 by 2025.⁸ Given current prices, it would now take the average low-to-middle earner 45 years to accumulate a deposit to buy a first home on the basis of saving 5 per cent of their annual income, up from a mere seven years in 1997 (see Figure 1). Stagnating wages will make it even harder for this group to save towards a deposit unless house prices tumble, which would have serious consequences for the UK economy more broadly.

High house prices have been compounded by the disappearance of 100 per cent mortgages following the credit crunch.

The barrier created by high house prices has been compounded by the disappearance from the market of 100 per cent mortgages following the credit crunch. In 2007-8, 30 per cent of low-to-middle earners were reliant on 100 per cent mortgages to purchase a home compared to 18 per cent of their higher earning counterparts. While 90 per cent loan to value mortgages are returning, it is likely that 100 per cent

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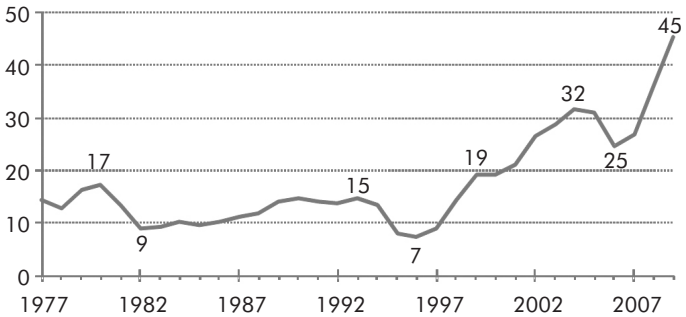


Figure 1 Number of years required for LME households to save for a typical first time buyer deposit

UK 1977-2009 (based on saving 5 per cent of disposable income each year) Note: Years are calculated by dividing the average FTB advance in each given year by 5 per cent of average LME household disposable income in the same period. Sources: CLG, Live Table 515; RF analysis of ONS, The effects of taxes and benefits on household income, 2008/09

mortgages will be regulated out of the market by the Financial Services Authority. This means that only those who can get financial help towards a mortgage will be able to get a foot on the housing ladder. Low-to-middle earners are less likely to be able to depend on financial support from family and friends than their more affluent peers.

These changes in the housing market have created a generational divide among low-to-middle earners. While older people were able to access home ownership, those who are now just starting work are unable to get a foot on the ladder and are likely to be locked out of ownership for the medium term. As Figure 2 shows, among 16 to 24 year olds only 16 per cent of low-to-middle earners owned their own home compared to 44 per cent of higher earners in the same age group and among those aged 25 to 34, 47 per cent owned their own home compared to 67 per cent of higher earners.⁹

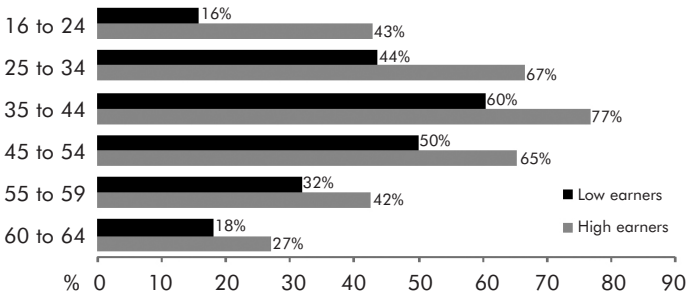


Figure 2: Households owning their home with a mortgage by income

Note: Income groups based on FRS definitions

Source: Analysis of DWP, Family Resources Survey 2008

The significance of not being able to access home ownership for younger low-to-middle earners goes beyond the need for housing. First, the aspiration for home ownership remains high. 81 per cent of low-to-middle earners believe that owning a home is less expensive over time than renting and this is largely unchanged since the mid-1990s.¹⁰ This leaves large numbers unable to meet their own aspirations and definition of success in life. The inability to access home ownership also creates asset inequality as housing remains the primary vehicle for asset accumulation and financial security in Britain in contrast to other European countries. Over time, the failure of low-to-middle earners to access home ownership while higher earners continue to buy will exacerbate existing patterns of intergenerational income inequality.

While many Housing Associations have their roots in providing housing for low income workers, constraints in supply and

growth in demand for social housing have meant that it has become increasingly targeted at those most in need. Seventy per cent of social housing tenants have incomes within the poorest two-fifths of the income distribution. This rules out many low-to-middle earners whose incomes put them above this threshold. 1.8 million families are currently on Local Authority social housing waiting lists but with significant cuts to government grants for social house building, few of those who are waiting are likely to get housed.¹¹

Falling between social housing and home ownership, younger low-to-middle earners are increasingly reliant on renting in the private sector to meet their housing needs. As Figure 3 shows, the percentage of low-to-middle earning households under 35 in private rented accommodation has increased from 14 per cent in 1988 to 41 per cent in 2008. Meanwhile, ownership has shrunk from 58 per cent of households to 29 per cent. The private rented sector now makes up 16 per cent of overall housing stock compared to 9 per cent in 1991. As with home ownership, growing demand has kept rents high. Rents rose by 37 per cent in real terms between 1995-96 and 2007-08 in the private sector, compared with increases of 18 per cent for housing association rents and 9 per cent for local authority rents over the same period.¹²

For some young households, the flexibility of private rented accommodation can be an advantage. It allows for job flexibility and for changes in lifestyle and circumstances. The challenge comes when rental accommodation becomes a longer term solution, particularly for families. First, there is a lack of family size accommodation in the sector. This can lead to families paying beyond their financial means for housing near work, schools and other local services. Second, the insecurity of short term tenancies creates difficulties for families who are in fear that they will be forced to uproot their children at short notice.

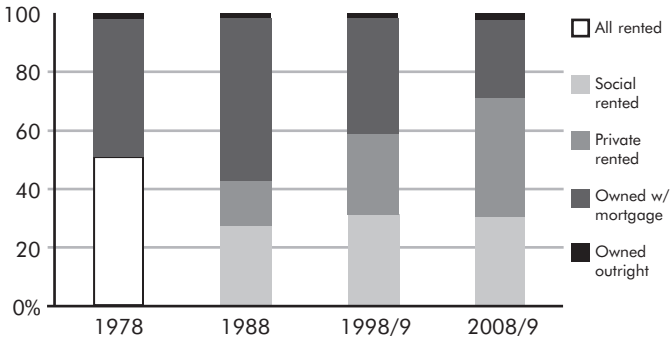


Figure 3: Housing tenure among low-to-middle earning households with heads aged under 35

Note: The data split for rented properties in 1978 differs from that provided in subsequent survey years. Therefore, all rented data is grouped together in this year. Sources: RF analysis of DWP, Family Resources Survey (various); RF analysis of ONS, Family Expenditure Survey (various).

Poor standards and management can be a problem in the private rented sector, particularly given the dominance of buy-to-let landlords whose practices vary considerably.

Renting at the heart of a sustainable housing policy

In the 2011 Budget, the Chancellor announced £250 million for shared equity schemes for first time home buyers. This follows on the back of other low cost home ownership initiatives that have sought to open up access. It is widely acknowledged that the new scheme and its predecessors represent a drop in a vast ocean of housing demand – ‘a sticking plaster on a broken leg’ in the words of Shelter. Low cost home ownership schemes account for less than 1 per cent of overall housing stock and those who have benefited were likely to have bought homes anyway as they tend to earn above median wages.¹³ This focus on ownership is symptomatic of the failure of politics and policy to address the housing reality for low-to-middle earners.

Many low-to-middle earners will raise families and grow old in rented accommodation. While politicians rightly consider it a vote loser to draw attention to this fact and to close the door on ownership, supporting the private rented sector must become an equally important element of housing policy, if it is to meet the needs of those in the middle. First and foremost, this will require political leadership to start to shift popular culture away from a sole focus on home ownership. This cultural shift needs to be supported by policy change in three areas: development of the private rented sector; the promotion of long term leases; and the creation of alternative routes for long term asset building.

The UK rental market has been dominated by buy-to-let landlords. This is in contrast to other countries such as Switzerland, Germany and the US where large scale investment from pension funds and life insurance companies provides funding for much of the sector. To meet the scale of housing demand over the next 20 years, it is likely that buy-to-let landlords and institutional investors will both need to play a role in boosting supply. In the Budget, the Chancellor changed stamp duty on bulk purchases of property which tears down one of the commonly cited barriers to institutional investment. Rather than paying 4 per cent stamp duty on 100 homes worth £200,000 each, an investor would pay stamp duty according to the average value of the 100 homes or 1 per cent stamp duty in this case. However, this change alone is unlikely to result in large scale building of rental accommodation that would be within the reach of families on low-to-middle incomes, particularly in London and the South East. Making this happen will require the investment of public land on the promise of future payments based on the rental income from the properties that are built and a share in the profits of any sales.

Public bodies such as Local Authorities, Transport for London and the NHS own a considerable amount of land. Some of it is

far from jobs and transportation hubs and some of it requires significant restoration. But there are other areas where the development of housing could happen quickly, for example the Royal Docks area in Newham that is owned by the London Development Agency and could accommodate hundreds of new homes. Rather than being sold upfront, if this land were invested by the LDA and payment deferred, rental schemes that are affordable to low-to-middle earners are more likely to be viable for investors and, therefore, the supply of housing could grow rapidly. This approach has been adopted in Birmingham where a joint venture involving the developer, Wilmott Dixon, Birmingham City Council, West Mercia Housing Association, the estate agents, Savills, and an unnamed funder will build 750 homes for rent over the next five years. The Council has invested its land and all parties share in the profits according to the amount invested in the joint venture.¹⁴ Similar approaches

Even if families are renting from a responsible landlord, they can still face having their lease terminated at short notice.

are common in other European countries. For example, in the Netherlands, municipal land is frequently leased to a developer rather than being sold. The developer pays ground rent which adjusts upwards if the value of the land increases.¹⁵

This model of institutional investment in private rented accommodation at reduced rents has three other important components, although local circumstances will dictate the exact details of each scheme. First, rental accommodation at reduced rents would generally be part of a larger development including social housing and market rent housing, encouraging mixed communities as well as raising investor returns. In this context, Section 106 affordable housing agreements will be

critical. Demanding a large set aside for affordable housing can compromise the financial viability of the overall development, leaving both social housing tenants and low-to-middle earners worse off. Second, a certain number of rental units will be sold after a minimum period to ensure adequate returns for investors through capital gains from the sales. Third, management costs and the costs of empty properties need to be kept to a minimum. This can be done through well designed, energy efficient construction and also by drawing on the management expertise of housing associations.

Even if families are renting from a responsible landlord, they still face the prospect of having their lease terminated at short notice. This disrupts work and school and creates anxiety for parents. As one tenant put it, 'we would have to move the kids from school. I dread to think about it. I don't think we would be able to find somewhere. I mean we have got a dog and the kids love the dog. I don't think we could find somewhere that would accept pets. We'd be in real trouble'.¹⁶ There are no legal impediments to offering longer leases but they are not offered as standard by landlords or requested by tenants. One of the conditions placed on build-to-let development in return for the release of public land could be that family housing should be offered for rent on a three year lease, with the option for families to request a shorter lease.

At the same time as encouraging the development of long term rental housing for families, policymakers need to support asset building outside of home ownership. In 2008, 48 per cent of low-to-middle earners did not make regular monthly savings, down from 52 per cent in 2000. Half of those who do save, save less than 5 per cent of their income. This situation is all the more worrying given that only 27 per cent of low-to-middle earners had some form of private pension in 2008, compared to 55 per cent of higher earners.¹⁷ While those

in their forties and fifties may be relying on their homes to fill this gap in their savings and pensions, younger people in the group are unlikely to be able to do the same and, therefore, greater encouragement for asset building is needed. The introduction of auto-enrolment for private sector pensions will target inadequate pension provision to some extent but other savings are also important. There are potential lessons from the work of Doorway to Dreams in the US, a non-profit organisation that develops and pilots savings and asset building products specifically targeted at low-to-middle earners.

Good quality housing for low-to-middle earning families in cities close to jobs, schools and other services will be vital for economic growth. Local Authorities will continue to have an important obligation towards vulnerable groups and social housing tenants. But the recovery and future prosperity of urban areas will depend on keeping workers close to jobs. The cultural shift towards renting as a long term housing solution for families will be slow to happen in Britain. But government needs to encourage, not hide from, this mindset change by adopting a more diversified housing strategy.

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VULNERABILITY AND NEED

Homes for Citizens

4. Life Chances and Housing: the Facts

Rebecca Tunstall

A detailed analysis of the figures can show that living in social housing is a symptom rather than a cause of social disadvantage. The life-chances of social housing tenants are a real issue but we must remember there is considerable disadvantage in other tenures too.

Life chances and housing: Challenges for conventional wisdom

Some conventional wisdom about housing and life chances needs clarifying. On average, those who are social housing tenants today experience more disadvantage than those in other tenures, and they probably stand greater chances of worse future outcomes in their lives. However, correlation is not evidence of causation – and correlation and causation have very different policy implications.

Over the past thirty years, housing policy and social housing allocations policy have explicitly aimed to tighten the relationship between disadvantage and access to social housing. A growing body of evidence has found connections between experience of social housing early in life and worse later life outcomes, but this evidence also shows that the relationship is largely due to pre-existing family and individual disadvantage rather than to tenure itself. In other words, the

apparent relationship between social housing tenure and life chances is largely a tautology: disadvantaged people are the most likely to experience unmet housing needs and other forms of disadvantage; and housing policy and labour markets have decided that they should mainly live in social housing. In addition, while disadvantaged people are over-represented in social housing, there are many disadvantaged people outside social housing who should not be left out of any policy to address disadvantage.

In addition, some conventional wisdom has fallen behind recent trends. The idea that there are gaps in socio-economic status between those in different housing tenures which are growing over time (sometimes termed 'socio-tenurial polarisation') has become part of general knowledge about housing. The process began as early as the 1940s (Lupton *et al.* 2009). However, over the last ten years these sixty-year old trends slowed down or stopped, and for some measures actually went into reverse. Another long-held truth is that home ownership is steadily rising at the expense of rented tenures. This was indeed the pattern throughout the entire twentieth century, but over the past ten years the growth in home ownership also slowed down, stopped and then actually reversed.

All of these issues present challenges for housing policy. However, they are not challenges for social housing alone, and housing policy in isolation cannot be expected to address them.

The correlations between housing tenure and disadvantage

There are substantial correlations between social housing tenure and disadvantage on a range of measures, but in most cases tenure could not have caused the disadvantage, and in some cases social tenants are in a relatively good position.

Income

In 2005/06-2007/08, council tenants' median net individual incomes were 68 per cent of the overall median and housing association tenants' incomes were 72 per cent of the national median, while incomes of those buying with a mortgage were 134 per cent of the national average (Hills *et al.* 2010). In 2008/09 the proportion of UK social renters in households below 60 per cent median income, the standard measure of relative poverty, was 46 per cent, compared to 13 per cent of owners (Palmer 2010). 57 per cent of housing association tenants and 61 per cent of council tenants in 2000 were living without two or more items that at least half the population deemed necessities, such as two meals a day, a telephone and a warm waterproof coat, compared to 19 per cent of owners with a mortgage (Gordon *et al.* 2000). Social tenants made up 49 per cent of all households defined as 'poor' in this way. Private tenants were in an intermediate position but closer to social renters.

Social housing does play a role in shielding people on low incomes from feeling the full effects of poverty. Social tenants' incomes were slightly less far behind those in other tenures after housing costs had been taken into account (Hills *et al.* 2010 p245), as spending on social housing was in itself redistributive (Sefton *et al.* 2009). By the late 2000s those in social renting were no more likely to be in 'fuel poverty' than owner-occupiers (Palmer 2010). On the other hand social tenure remained a significant predictor of having to do without necessities even after controlling for income, amongst other factors (Gordon *et al.* 2000).

Employment

In 2009 67 per cent of heads of UK social renter households in Great Britain were not working, compared to 35 per cent

of heads of home owner households (Survey of English Housing CLG livetables Table S111). This very dramatic gap developed in the 1980s and 1990s. It became an increasing focus for concern over the 2000s (eg Hills 2007, Feinstein *et al.* 2008, Davies 2008, Fletcher *et al.* 2008, Crisp *et al.* 2009). In 2008, the incoming housing minister Caroline Flint suggested that new social tenants should sign a commitment to look for work (Flint 2008). But is there any sign of a causal tenure effect here? Hills observed that over the 1980s and 1990s, the types of people with higher chances of worklessness had been increasingly concentrated in social housing (2007). He found the higher rates of non-employment amongst social rented tenants were not fully explained by controlling for the number of disadvantages people had, but acknowledged this was a crude form of control (Hills 2007).

There are also gaps between tenures in terms of employment type and wages, although these have received much less attention. For example, in 2006, 49 per cent of heads of employed social renting households were in routine or semi-routine occupations, compared to 24 per cent of private renters and 15 per cent of owners. Only 19 per cent were in professional or higher technical and supervisory jobs, compared to 47 per cent of private renters and 55 per cent of owners (CLG Labour Force Survey livetables Table S115). In 2006-08 55 per cent of the working age adults in social housing in 2006-08 were women (author's calculations from Figure 4.7a in Hills *et al.* 2010), and the median hourly wage for women living in social housing who were working was just £6.58, little more than the national minimum, while the figure for men was £7.65 (Hills *et al.* 2010). The comparable figures for those buying a home with a mortgage were £9.75 for women and £10.64 for men (Hills

et al. 2010). This suggests that work literally didn't pay social tenants as well as those in other tenures.

Education

In 2006 five year olds in social housing scored slightly lower on vocabulary and pattern construction tests than those in other tenures, but the differences were largely due to family and individual characteristics (Tunstall *et al.* 2011a). These children had the same chance as those in other tenures of getting their first choice of primary school. Their older siblings showed similar interest in school to their contemporaries in other tenures, but were more likely to have problematic relations with teachers (Tunstall *et al.* 2011a). A study of 20 unpopular council estates found a gap in GCSE performance and pupil absence between schools serving the estates and the local and national average in 2004 (Tunstall and Coulter 2006). Looking back on educational careers, tenants interviewed by Fletcher *et al.* in their study of worklessness mostly had had "poor school experiences", resulting in no or few qualifications (2008 p58).

People in areas of dominated by social housing were more likely to be dissatisfied with the neighbourhood than others.

Housing quality

In 2007/08, 82 per cent of social tenants were satisfied with their accommodation, a high figure, although it compares to 96 per cent of owner-occupiers, and 85 per cent of private renters (CLG Survey of English Housing livetables Table

S129). By the early twenty-first century, social rented homes lagged those in other tenures somewhat on many aspects of quality. In 2007/08, 59 per cent of social rented homes were houses or bungalows rather than flats, compared to 92 per cent of homes in owner occupation and 61 per cent of private rented homes (CLG Survey of English Housing Livetables S120). In 2006/07 72 per cent had gardens compared to 92 per cent of owned homes and 63 per cent of privately rented ones. In 2004/05 65 per cent of social renters had double glazing compared to 76 per cent of owner occupiers. In 2005/06-07/08 7 per cent of social renting households were overcrowded, compared to 1 per cent of owners and 6 per cent of private renters (CLG Survey of English Housing Livetables S127), and in 2007/08 on average social renters had 2.4 rooms per person, compared to 3.1 for home owners and 2.5 for private renters (CLG Survey of English Housing Livetables S126). However, by 2008 73 per cent of social rented homes met the 'Decent Homes' standard (meeting the current statutory minimum standard, being in reasonable repair, with reasonably modern facilities and services and providing a reasonable degree of thermal comfort), compared to 64 per cent of private sector homes (House of Commons CLG Committee 2010).

Neighbourhood quality

In 2007/08 80 per cent of social renters were satisfied with their local area, compared to 89 per cent of owner occupiers and 97 per cent of private renters (Survey of English Housing livetables Table S707). People in areas dominated by social housing were more likely to name serious problems in their areas and to be dissatisfied with the neighbourhood than others (Palmer, *et al.*, 2008). Local authority

tenants were less likely than those in other tenures to agree that their local area was a place where people get on well together (Laurence and Heath 2008). The majority of parents of five year olds living in social housing in 2006 did not feel that their neighbourhood was 'excellent' or 'good' for raising children, in sharp contrast to those in other tenures. However, all neighbourhoods provided similar access to parks and playgrounds and local family and friends (Tunstall *et al.* 2011a).

Links between family or past housing and future life chances

A series of reports examined the relationship between housing tenure in childhood for those born in 1946, 1958 and 1970, and adult outcomes, in terms of paid employment, means tested benefits, highest qualifications, literacy and numeracy, depression, malaise, self-efficacy, life satisfaction, regular exercise, cigarette smoking and self-rated health (Feinstein *et al.* 2008, Lupton *et al.* 2009). These studies found that amongst those born in 1946, gaps found in adult outcomes between those who had ever been in social housing in childhood and those who were never in social housing in childhood disappeared once differences in family and individual characteristics were controlled for. For those born into the somewhat different housing and social systems in 1958 and 1970, differences remained between those with different childhood housing tenure experiences and adult outcomes after using a very large set of more than 50 controls for family and individual characteristics, for many outcomes and many ages, but not all. The size of the remaining associations was substantially reduced by controls (Lupton *et al.* 2009). This research has not found that housing tenure caused different outcomes. Another study

focussing on the 1970 cohort found associations between both social and private renting at age 16 and less desirable outcomes at age 34 in 2004 (Tunstall *et al.* 2011b).

Researchers have begun to examine wealth as well as income as a dimension of inequality and as a potential driver of inequalities in life chances. Wealth is distributed “*far more unequally*” than income (Hills *et al.* 2010 p205). Wealth and housing tenure are intertwined as it is home ownership that forms the main element of UK family wealth. Non-home owners also had fewer savings, pensions and other assets. In 2006-08 social tenants had a median total household wealth of £18,000 compared to almost £300,000 for those buying with a mortgage and £411,000 for outright owners (Hills *et al.* 2010). There is evidence that parental housing tenure is linked to children’s adult tenure (Lupton *et al.* 2009), and that first-time buyers are increasingly assisted by family funds. There is surprisingly little research in this area, but it seems plausible that family and individual wealth should have a major influence on life chances, and a more direct one than housing tenure per se. It should be noted that there are also big variations within homeownership in terms of the wealth and other risks and opportunities it offers.

Disadvantage outside social housing

While disadvantaged people are over-represented in social housing, there are many disadvantaged people outside social housing. The overall scale of social housing has shrunk, and as home ownership has spread down the income scale, it has incorporated increasingly disadvantaged households. For example by 2001/02, 77 per cent of households heads in semi-routine and routine occupations were in home ownership, and only 26 per cent were in

social housing (author's calculations from CLG Labour Force Survey livetables Table S115). In addition a substantial group of disadvantaged people live in private rented homes (Rugg and Rhodes 2008).

As noted, 13 per cent of UK home owners were in households below 60 per cent median income (Palmer 2010), and 19 per cent of owners with a mortgage and 33 per cent of private renters were living without two or more 'necessities' (Gordon *et al.* 2000). Thus any questions that are asked about whether social housing can do more for its disadvantaged residents should also be asked of private renting and the lower cost parts of home ownership.

Trends in the links between social housing and disadvantage

The end of socio-tenurial polarisation?

The processes of social-tenurial polarisation, with those in higher socio-economic groups leaving social housing and those in lower groups entering, began as early as the 1940s (Lupton *et al.* 2009). This idea has become part of the conventional wisdom about the UK housing system. However, at the start of the twenty-first century these sixty year old trends of socio-tenurial polarisation slowed down or stopped, and for some measures actually went into reverse.

Hills *et al.* found that while overall UK income inequality initially fell, overall 1997-99 to 2006-08 it increased on each of a number of measures, but; "inequalities between tenures... were actually slightly smaller in 2006-08 than they had been eleven years before" (2010 p289). Between 1996/97-1998/99 and 2005/06-2007/08, council tenants' median net individual incomes (after housing costs) rose from 67 per cent of the UK national median to 68 per cent,

while those of housing association tenants rose from 69 per cent of the median to 72 per cent (Hills *et al.* 2010). Between 2000/01 and 2008/08 the proportion of those in social rented homes in Great Britain in households below 60 per cent of median income fell from 54 per cent to 46 per cent (Palmer 2010). A senior RSL officer said the difference was palpable: “our customers have more money, they feel better, it is possible to lift people out of poverty” (Tunstall and Coulter 2006 p49).

The gap in employment rates between household heads in different tenures became an increasing focus for concern over the 2000s, but ironically, in this period the gap actually reduced, if very slightly. The proportion of non-working social housing heads fell from 68 per cent in 2000/01 to 67 per cent in 2009, while the proportion of non-working owner household heads rose slightly to 35 per cent (MacInnes *et al.* 2009). Unemployment fell from 6 per cent of heads of households to a very low 4 per cent, and the proportion in employment was stable (CLG Survey of English Housing Table S418). In a study of 20 unpopular council estates, by 2005, the proportion of estate residents who mentioned employment as a priority in 2005 was no different from the national average (Tunstall and Coulter 2006 p49). Estate residents appeared to be benefiting from the positive economic climate.

Improvements in housing and neighbourhood conditions

Over the period 2000/1997-2010, social housing caught up with other tenures on several measures of housing quality. The proportion of social renting households with homes in the lowest council tax band fell, the proportion with central heating grew (CLG Survey of English Housing Livetables

S421). Tenants' satisfaction with landlord services increased slightly between 2000/01 and 2007/08 (CLG Survey of English Housing livetables Table S129). The gaps between social housing and home ownership reduced in terms of the number of rooms per person, having double glazing and gardens. A net 578,000 homes or 14 per cent of the total social housing stock were improved to meet the Decent Homes standard 2001-2008, while landlord returns show even bigger changes. This was a substantial change for the more than 1m people directly affected (CLG livetables Table 119).

There has also been marked improvement in the neighbourhood conditions of social renters. Over the period 2001/02-2006/07, the proportion of social tenants saying that crime was a problem in their area fell sharply from 62 per cent to 45 per cent, and the gap between tenures reduced (Survey of English Housing livetables Table

While gaps between social renters and others have reduced over the last ten years, large gaps still remain.

S711). Many social housing areas saw capital investment in the environment, health centres or public areas, as well as additional spending on education, health, housing and other services (Tunstall and Coulter 2006, Taylor *et al.*, 2007, AMION 2010, Batty *et al* 2010). In 20 unpopular council estates nearly three quarters of local housing managers thought estate conditions had improved 1995-2005, as did the vast majority of residents (Tunstall and Coulter 2006). However, a study of trends in the 2000s found that deprived neighbourhoods with substantial proportions of social housing tenants were less likely to have seen improvements on employment, education, health and crime 2001-06/07

and more likely to have seen declines, and the effect was stronger for social housing (AMION 2010 p45).

In summary, there are signs that gaps between social renters and other tenures/home owners reduced over the past ten years, which is a challenge to conventional wisdom. However, large gaps still remain and measures on which social renters do better than those in other tenures are rare: the fact that by 2011, social tenants were less likely to live in a non-decent home than residents of private sector housing is one example. If social renters were excluded or at greater risk of being excluded than others in 2000, that remained the case in 2011.

Further monitoring is needed to see if the positive trends above survive the end of the long period of economic growth 1992-2008 and changes in housing and neighbourhood policy.

The end of the inexorable growth of home ownership?

The 2000s were distinguished by relative stability in the tenure system. The increase in home ownership and decline of social housing was much faster in the 1980s and 1990s. From 2000 to 2008 the number of home owner households in England grew only slightly, from 14.3m to 14.6m. After a century of growth, the proportion of households who were home owners actually fell from 71 per cent to 68 per cent. In the 1980s and 1990s, many housing policy commentators have speculated about whether there might be a 'natural limit' to home ownership, and have argued that there should be limits to policies encouraging it. Neither researchers nor policymakers nor financial institutions, however, have fully absorbed the significance of the decline in the size of home ownership, and the continued propensity of the housing market to not

only create problems for housing policy but for the wide economy. Both are likely to have profound implications for future life chances.

It was less advantaged households that felt this change the most and private renting that filled the gap. Between 2001/02 and 2006, the proportion of households in routine and semi-routine occupations in home ownership fell from 77 per cent to 62 per cent. The proportion in social renting fell from 26 per cent to 23 per cent, and the proportion in private renting rose from 11 per cent to 15 per cent (author's calculations from CLG Labour Force Survey livetables Table S115).

The biggest challenges for housing policy today

All of these disadvantages described above present challenges for housing policy. However, they are not just challenges for social housing. The biggest challenges for social housing provision are to maintain advances for their residents and improvements in management and housing and neighbourhood conditions over the past ten years, and to increase supply. The biggest challenges for housing policy in relation to life chances are to enable social mobility regardless of people's tenure as well as independent of their family advantage or wealth, and to prevent unsustainable housing contributing to downward mobility.

The past ten years show what can be achieved by a combination of housing and neighbourhood policy aiming to reduce gaps between poorer people and national averages (eg Taylor 2008, Wong *et al.* 2009, AMION 2010, Batty *et al.* 2010). For example, in the 39 areas where the New Deal for Communities regeneration scheme operated, it spent £1.7bn or about an additional 10 per cent on mainstream public expenditure in its areas. It was able to "transform" neighbourhoods and narrow the gaps (Barry *et al.* 2010 p6),

although it reached probably just one per cent of all social renters. However, a new Government in 2010 and the constraint of low growth and a budget deficit have meant a much more radical shift for all neighbourhoods. Over the period 2011-2015, almost every neighbourhood nationwide will experience what amounts to a negative New Deal for Communities – real terms public sector spending cuts of considerably more than 10 per cent. It is hard to see how these changes could be anything other than harmful to life chances.

Finally, housing policy should avoid making claims that it alone can have a substantial affect on differences in life chances which have their origins in international credit markets, the changing labour market and class and income inequality, and housing policymakers should avoid taking responsibility for trying to do so.

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5. Housing after the Cuts

Kate Green MP

Coalition benefit reforms and cuts to housing benefit will have a huge impact on households, many of whom will be forced to move away from their families and jobs. But we must do more than just oppose the cuts: we must offer an alternative programme of reform.

The Government has embarked on a programme of welfare reforms whose impact will be far-reaching. While no one would disagree with the ambition of making work pay, of simplifying the system, and removing the very steep withdrawal rates of benefits (where a very small improvement in an individual's financial circumstances can lead to the complete withdrawal of state help), the price that's being paid for these changes looks terrifyingly high. Nowhere is this more starkly revealed than in housing. Changes to the benefits system, coupled with a host of measures in the Localism Bill threaten to destabilise families and communities, place low-income households under extreme financial pressure, and ultimately thwart the very objectives of welfare reform the Government seeks to achieve.

These reforms will create real hardship. But it also important for us to recognise this as a moment where we must do more than just oppose; we must also think about how we on the left can advocate for a fairer and more coherent approach to benefit reform. After all, few would wish to

argue that housing benefit has not been in need of reform for a good number of years. It needs reform because it can act as a genuine barrier to work for some households. But this is not to endorse the punitive language of the right, for the barriers are genuine (largely to do with the complexity and instability of the system) and not a reflection of the alleged desire of people to game the system.

A progressive response to the cuts must do three things. Firstly it should force the opposition to focus on the real issues and not to peddle myths about benefit fraud and abuse. Secondly progressives should lay bare the contradictions within Government policy. A key point of pressure here should be the tension between the correct insistence that all who can should work, and a housing and benefits policy framework that will force more and more households into depressed areas with weak labour markets. Thirdly, we progressives must be clear about we would do instead, developing a clear programme of reform that does more than simply return us to an old *status quo*. This essay aims to help start this process.

Changes and cuts

The centrepiece of the Government's benefits changes is the misnamed Universal Credit – misnamed both because it won't go to everyone (it's a means-tested benefit), and because some important components of financial support (including council tax benefit and social fund payments) will be left outside its ambit. The introduction of the universal credit comes alongside a host of changes to entitlements – a shopping list of cuts.

Even listing just those cuts which specifically relate to help with housing costs indicates the extent of the reduction in social support. The local housing allowance (LHA) has

been reduced from the level of the fiftieth to the thirtieth percentile of local market rents. In practice this means that households reliant on LHA will be able to afford 30 per cent of the rental properties in the area, rather than 50 per cent. The LHA will in future be uprated not by reference to rent levels, but by the consumer price index (CPI), an index which is ill-adapted to reflecting changes in housing costs and which may as a result bear little relation to actual rises in rent levels in the medium term. Support for mortgage interest, paid to unemployed homeowners after 13 weeks of unemployment, also remains disconnected from actual cost, and borrowers may find that it does not cover the mortgage commitments (as the level of support is indexed to Bank of England's published *average* mortgage interest rate, which will be lower than the rates offered to a number of borrowers, especially those with poor credit ratings).

Caps on the overall level of benefits paid, and on property size, will be introduced for families who are out of work. Those deemed to be 'under-occupying' their homes will be forced to move, or – more likely in the absence of suitable alternative accommodation – face significant shortfalls in rent. The single room rate, which provides reduced support for rent for young people aged up to 25, is now to be extended to those aged up to 35. Labour's decision to remove the £15 so-called 'shopping incentive' in LHA is being implemented by the present Government. The budget for council tax benefit is being cut by 10 per cent, and local authorities will decide who receives what.

Those cuts sit alongside a range of other cuts which will put household budgets under further pressure. All benefits are to be uprated by CPI in future, rather than the usually more generous retail price index. Child benefit and child tax credit payments are being removed from

better-off households, and additional support for very young children in the tax credit system is being axed or not extended. Support for childcare costs is being cut from 80 per cent to 70 per cent. The Health in Pregnancy grant has been abolished, the Sure Start maternity grant restricted to only the first child. The budget for disability living allowance is to be cut by 20 per cent, and those with less severe disabilities are set to lose the disability premiums they receive under the current benefits and tax credits system. Non-dependent deductions (which reduce financial support where it's deemed other adults in the household can contribute to household costs) will in future be uprated by CPI, after many years when they've remained unchanged.

The consequence of all these plans together will leave families at much greater risk of homelessness – but here too the Localism Bill deals a blow, weakening the duty on local authorities to provide a “settled home” to families who become homeless. Ministers may be in denial – Lord Freud recently told the Work and Pensions select committee that the Government did not envisage a rise in homelessness as a result of the changes it's making – but it's difficult to see how such a disastrous rise can be avoided.

Financial drivers and consequences

The financial pressures which families will face are a cause of particular concern: many will be left without enough to afford their rent. Relying on the Government's own impact assessment, Karen Buck MP has estimated that 640,000 households will lose between £7 and £130 a week under the universal credit.¹ In the longer term, the University of Cambridge suggests that the average reduction in

claimants' incomes after rents are paid will be approximately 7 per cent. Between 42,000 and 84,000 additional households will be left with less than £100 a week after rents are paid, those households moved into severe poverty as a result of the measures include between 27,000 and 54,000 dependent children, and using simulation and data from previous studies, between 136,000 and 269,000 households will find their rent unmanageable as a result of the changes, with perhaps half of those unable to sustain their tenancies.²

The Government, by contrast, believes their policies will exert downward pressure on rent levels in the private rented sector, claiming increases in housing benefit reflect excessive increases in rents.

Ministers point to a near-doubling in housing benefit costs over the last decade, and a particularly sharp rise since 2007/08. But the analysis that this is due merely to greedy landlords raising

Housing shortages, including a lack of affordable social housing, have forced up rents in parts of the country.

rents to the level of the LHA, or to tenants occupying unjustifiably expensive properties, is over-simplified. There are a number of reasons for the rise in housing benefit in recent years – which has in any event remained at a remarkably steady 14 per cent of the overall benefits bill.³

So why has the housing benefit bill risen? Partly, it's a reflection of the market. Housing shortages, including a lack of affordable social housing forcing more reliance on the private rented sector, have forced up rents in parts of the country (though not everywhere). Partly it reflects the impact of the recession, which has led to more people without work or on reduced hours and lower pay entitled to

housing benefit. Partly it reflects a change in the makeup of those claiming housing benefit, which saw the proportion of claimants with regulated tenancies at below market levels reduce from 14 per cent to 7 per cent.⁴ The picture's a complex one.

What's clear however is that the Government's response means that many tenants will struggle to meet rental commitments, may be forced to move, or will fall into arrears. The Government has said it expects little impact on homelessness or on the number of families forced into temporary accommodation. But it does believe it's reasonable that people should move if they can't afford their rent.

This thinking ignores important factors which are driving both the housing and labour markets. It also ignores significant regional variations that mean that the impact of the Government's policies will vary widely. In London and the south east, housing costs are high, affordable homes scarce, and landlords can pick and choose their tenants. In other parts of the country, by contrast, the private rented sector is heavily dependent on LHA tenants – in Blackpool the figure is something like 80 per cent. So, despite assertions from Lord Freud to the Work and Pensions select committee that the fact that LHA covers around 40 per cent of the private rented sector enables the Government to exert its buying power, the Government's ability to 'manage' the market varies from area to area.

We must also recognise that the housing challenges we face have a strong regional component, with different regions facing different challenges and requiring different solutions. Most obviously, the south east faces a serious housing shortage with high costs and overcrowding. Conversely, much of the northwest has very low rents and a problem of under-occupation. But there is no simple,

national policy response to this. Surely Ministers cannot be serious about uprooting substantial numbers of families from high-cost to low-cost areas across the country – that’s simply unrealistic.

Impact on families, individuals and communities

Yet even moves within narrower geographic areas will disrupt families and communities. The outcomes for children could be particularly dire. Research by Dr Rebecca Tunstall of the London School of Economics has shown that, in contrast to home moves by more affluent families which regularly enhance children’s educational development, “moves by very disadvantaged families and very frequent moves are less likely to improve housing conditions or school quality, and may exacerbate disadvantage”.⁵ The London Child Poverty Commission in 2008 pointed out that mobility is strongly associated with poorer educational attainment and free school meal status.⁶

This has a knock-on effect on local authorities, forced to manage the increased costs of homelessness, who are already reporting strain on a range of family services including child protection. A domino effect, as incomers from very high-cost housing areas force local people in turn to move, threatens to create far more cost than it saves. (It’s not great either for community relations.)

Additional costs will cancel out many of the savings the Government’s hoping for, as Karen Buck has shown. During the Committee stage of the welfare reform bill, she pointed to the acknowledgment in the Government’s impact assessment that there would be ‘non-monetised’ costs. Additional costs of rent collection, handling arrears, appeals, extra demands on advice services, additional

demand for discretionary housing payments, removal costs for tenants – these all add up.

But the wider impact on communities is also a cause for concern. Creating no-go areas for those on lower incomes will mean fewer mixed, diverse communities, while moving people away from their social networks or from family support, such as help with childcare or with looking after elderly relatives, sits ill with Government ambitions for community cohesion, for the Big Society – and for that matter, with helping people move into employment, since family members often provide the necessary childcare to enable parents to work.

Nor have Ministers given much thought to the impact of their policies on supporting family relationships. The benefits cap will impact on larger families, which the Government's own impact assessment recognises will have a disproportionate effect on some ethnic minorities, on those who remarry or form new relationships, especially where both partners may already have children, and on those living in extended families. But surprisingly for a Government that's keen to support stable families and relationships, there's been no assessment of the impact the proposed cap could have on family stability or levels of family breakdown.⁷

The implications for employment meanwhile don't seem to have been thought through at all. People are more likely to find work in areas where they know the local labour market and are alert to opportunities. A settled address helps people find work. Despite Government protestations that it expects little extra use of temporary accommodation, there's a clear risk that this will be a result of the policy changes, yet employment rates for those in temporary accommodation are exceptionally low. And of course, higher housing costs

tend to be found in those areas with higher levels of employment opportunity. So the proposition that tenants should move from high-cost housing areas to more affordable properties sits at odds with the wish to encourage more people to move into employment. In fact it will potentially weaken work incentives, since the associated costs of working, especially travel to work and the cost of additional childcare, will rise as a result.

Meanwhile, the provisions in the Localism Bill to remove security of tenure from those whose financial position improves (presumably as a result of gaining or increasing income from employment) act as a further work disincentive. Put together, these policies are simply crazy for a Government that wants to encourage people to work: those in social housing are damned if they do find work; those in receipt of LHA are damned if they do not.

Those in receipt of social housing are damned if they do find work; those on LHA damned if they do not.

work; those in receipt of LHA damned if they do not.

A fair and coherent alternative

This lack of grasp of the dynamics of the market is surprising, but arises as a result of the overarching ambition of the Government to reduce the benefits bill. The truth the Government has chosen to ignore is that building strong communities, supporting families, and improving employment incentives requires sustained investment.

So while lamenting the Government's policies, it's important for us to take the opportunity to rethink the policy approach that Labour would adopt. Clearly it's misguided to think that the benefits system can take all of the strain.

Investment in building new homes and in infrastructure, along with labour market, growth and industrial strategies will be important in building stronger, stable, more prosperous communities. But the benefits system can certainly play a part, and the introduction of the universal credit (despite many caveats about its design and operation) could create opportunities. After all, the notion of a housing credit, integrated with other benefit payments, has long been the goal of policy makers.

The universal credit will help to smooth in and out of work payments, and potentially increase take-up. But elements of its design need to be rethought.

Specifically in relation to housing, the payment mechanism needs to be addressed. There has already been discussion about enabling the housing element of universal credit to be paid direct to landlords: some have argued, optimistically, that by reducing the risk of arrears, this may help to persuade landlords to reduce rents. But the ability to 'firewall' payment of benefits in this way must be taken further so that where payment is not direct to the landlord (likely to be the norm), the housing element is paid to the person in the household who has the housing obligation, with payments for housing costs within universal credit protected from sanctions imposed for non-compliance with work requirements. This is important to protect the family home.

Second, the 'bedroom' cap (limiting the size of a home eligible for housing benefit to four bedrooms) and overall cap on benefits levels (at a maximum of £500 per week per family, regardless of size and particular needs) need to be rethought. Jumping to respond to lurid headlines about a small number of households with high housing costs is no way to develop policy. Just 110 households across the country are receiving benefits of more than £50,000 a year,

according to Ministers, while 53,000 receive between £12,000 and £25,000.⁹ Families with higher housing costs tend to be larger, often extended, families, and those in high-cost areas, and while it's right to implement mechanisms to take out some of the most expensive properties, it must be recognised that these represent anomalies in the system, and that any attempt to deal with them should not leave people unable to afford their rent or homeless.

Third, simply, and crucially for good social and economic outcomes, the level of the housing element in universal credit must be adequate to enable people to meet their housing costs. Labour should not be apologetic about a benefits system that's designed to meet need.

Wider fiscal measures beyond support through the benefits system should also be considered. We must recognise the aspiration of most people to own their own home. But the distribution of housing wealth is uneven between the generations, between those living in different parts of the country, and between those who own their homes and those who do not. Shared ownership structures have had only limited success, but could be developed more effectively to enable people to buy their first home (see Chapter 8 of this collection). And we should take a serious look at ways of attributing regular rental payments towards building up housing capital.

But, most importantly, policy must start with values – best put by Karen Buck during the committee stage of the welfare reform bill. She said: “A home is critical to people's wellbeing and safety, and to their ability to participate in the workplace. The absence of a home, or too much dislocation, has monetary costs, alongside all sorts of social costs.” The social and economic wellbeing of individuals, families and communities must be the driver of Labour's policy-making. That's a message we can sell to the public.

Footnotes

- 1 House of Commons official report Welfare Reform Bill 31 March 2011 col 305.
- 2 Fenton A (2010) *How will changes to Local Housing Allowance affect low-income tenants in private rented housing?* Centre for Housing and Planning Research, Department of Land Economy, University of Cambridge.
- 3 Help with Housing Costs as a percentage of total benefits expenditure (including tax credits) 1994-2010 from DWP and HMRC statistics, quoted in House of Commons Work and Pensions Committee Second Report of 2010-11 Changes to Housing Benefit announced in the June 2010 budget.
- 4 Work and Pensions Committee Second Report.
- 5 Dr Rebecca Tunstall et al. How housing affects children's education and development though the effects of overcrowding, frequent mobility, and poor health and poor well-being. Housing Analysis and Surveys Expert Panel Papers 15, 2009. pg 5. <https://www.york.ac.uk/inst/chp/HAS/Paper%2015%20-%20Tunstall.pdf>.
- 6 London Child Poverty Commission Capital Gains 2008.
- 7 Written Ministerial Answer HC Deb, 14 March 2011, c124W.
- 8 See for example House of Commons Communities and Local Government Committee Second Report of 2010--11 The Abolition of Regional Spatial Strategies.
- 9 Quoted by Rt Hon Chris Grayling MP in debate in Public Bill Committee House of Commons official report 31 March 2011 col 335.

6. The Challenges of Private Rental

Duncan Shrubsole

The private rental sector can meet the aspirations of many individuals and families, but tenants need stronger rights if they are to feel secure in their homes. This will also help maintain a vibrant mix of tenures and more stable communities.

Introduction

For a long time, the private rental sector (PRS) was the neglected tenure in the British housing debate. On the one hand, there was an idealisation of the perfectly legitimate aspiration to own; on the other there has been much fraught debate about the values and potential problems of the social rental sector. Lost in all this have been the needs of the great many households for whom the best or only option would be a viable and attractive private rental market.

For a while, it looked as if the thinking was changing. The last Government commissioned an important Review on the role of the PRS, which called for the need to have a policy framework which sees private renting as a less marginal, poorly-regarded 'third' option, sitting behind the preferred tenures of owner occupation and social renting.¹ Yet the current Government insists that the current legislative framework already "strike[s] the right balance between tenants and landlords".² This is news

to many of those living in the PRS, and those of us who help to deal with the problems it can create for tenants.

It also smacks of naivety at a time when the Government is implementing radical cuts to housing benefit (HB) – reducing the purchasing power of tenants can do nothing to improve their experience of the private rental sector.

We are therefore at a point of immense challenge for the sector, but those who have long argued for reform of the PRS – reform that in other parts of the economy would be regarded as relatively modest – should also see this as a moment of opportunity. Central and local government will not be able to meet the country's housing needs and aspirations without looking to the PRS, so the sector cannot be left unreformed and on the sidelines of housing policy for much longer. In this essay we hope to contribute to this debate by advocating for a more holistic and less fragmented approach to housing need, one that recognises the integral role that the PRS should play in housing provision.

What is the Private Rental Sector?

As Vidhya Alakeson shows in Chapter 3 of this book, there has been a historic decline in the size of the private rental sector over the last century.³ With 3.4 million households (15.6 per cent) in the private rented sector in 2009–10, there are now almost as many as there are in social housing (17 per cent).⁴ By the end of the decade one fifth of households will be in the PRS.⁵

These 3.4m households in the PRS are far from homogenous and represent a series of distinct sub-markets,⁶ with private renting meeting a variety of needs – across the social spectrum – for different people, at different stages of their lives. It serves as a staging post for students and young professionals, indeed half of all private renters are aged under 35.⁷ The PRS

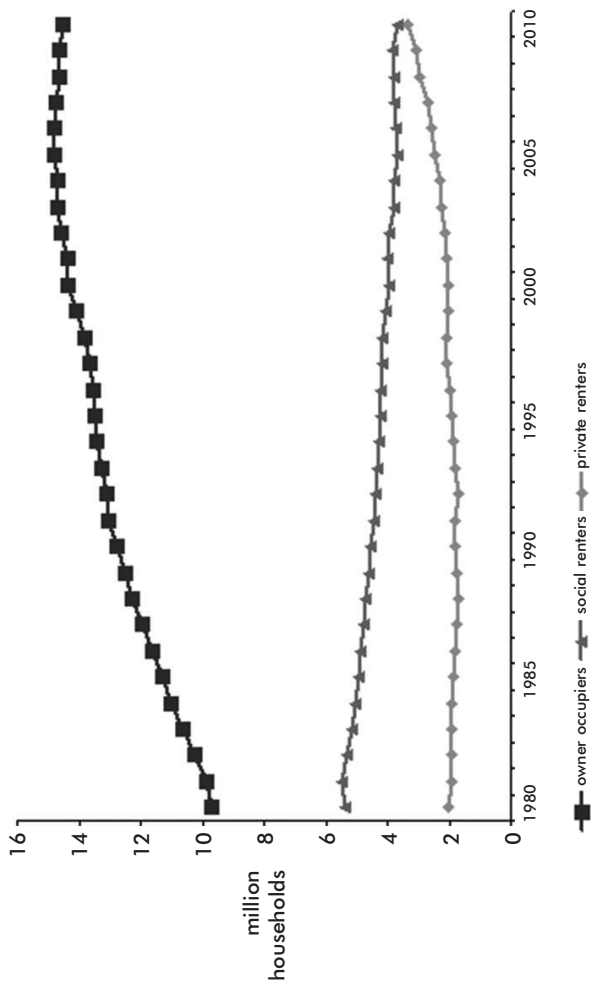


Figure 4: Trends in tenure, 1980 to 2009/10

Base: all households. Sources: 1980 to 2008 ONS Labour Force Survey; 2008-09 onwards English Housing Survey, full household sample

similarly serves as a 'bolt hole' when personal circumstances change or a stopping-off point as people, such as high-income corporate renters, change jobs and move house or even country. It is also, however, a first port of call for new households such as immigrants. For many households the PRS provides a long-term home, particularly those who have a housing need such as asylum seekers, homeless people or the housing benefit market in general.

Across that range of different sub-markets in many areas the PRS works efficiently and effectively in meeting housing needs and consumer preferences, although even amongst young professionals, for example, there are instances of poor experiences of property and landlords.

The key issue underpinning good experiences relates to the market power of the tenant: principally that those with higher incomes have buying power such that they can access a higher standard of property and better landlords, shop around and exercise choice. And when they do experience problems they are also better able to deal with them by either compelling the landlord to improve or by choosing to exit and find an alternative. They are also typically only looking to use the sector for a relatively limited period of time. In contrast, those at the lower end of the market have limited buying power, and therefore market power. They have less (or no) choice over properties or the ability to engineer a move, and also often lack the resources to advocate for themselves and secure redress when they do encounter problems. In public policy terms we therefore need to focus our concern on those more vulnerable consumers, particularly where they are reliant on the PRS for a longer-term home, and to develop mechanisms that tackle the failure of the market to provide decent and affordable accommodation that they face.

Meeting housing need

The PRS has long been the main solution for single homeless people who did not meet the priority need criteria for social housing.⁸ Indeed for Crisis, helping them find and sustain appropriate accommodation has been our focus and is the source of our interest in the sector as a whole. Increasingly over the last decade the PRS has also been used to house a wider group of homeless people, particularly through leasing private accommodation by local authorities as so-called temporary accommodation. Now through the Localism Bill the Government is looking to change the law so that local authorities can now discharge their duty to all statutory homeless households through housing them in the PRS.⁹

The PRS will increasingly be used to meet longer-term housing need. On current projections, with 1.8m households currently on social housing waiting lists¹⁰ and demand

only set to grow further with continuing high unemployment and pressure on families' finances, PRS demand will increase.

Historically the PRS did deliver long-term affordable homes through assured tenancies – of which some 340,000 still remain – where the tenant has a high level of rights. The PRS also meets long term housing need successfully in New York and Germany where typical tenure lengths and rental levels are such that owner-occupation is not a priority or necessity for many.¹¹ Yet in the UK the popular ambition is still clearly for people to own their own home or, failing that, to get social housing.¹²

The private rental sector meets housing need in New York and Germany and owner-occupation is not a priority.

Challenges for the PRS in delivering an effective solution to longer term housing need

A. Quality and Standards

Poor housing conditions have a detrimental impact on health, safety, education and life chances. Property standards have been improving but remain lowest in the PRS with the highest incidence of properties failing to meet the decency standard – 41 per cent – compared to 29 per cent in the owner occupied sector, 20 per cent of housing association and 27 per cent of local authority dwellings.¹³ In addition those households who are poorest and in greatest need are concentrated in the worst quality stock in the PRS.¹⁴

Fifteen per cent of privately rented dwellings experience damp problems compared to 8 per cent in the owner occupied sector and 10 per cent in the social sector.¹⁵ The PRS has the lowest proportion of both insulated dwellings and those in the most efficient energy bands of any sector – affecting not only living conditions but also contributing to fuel poverty for a group whose housing costs are already high, never mind the wider environmental impact.

In terms of the rental experience, whilst over 80 per cent of tenants report satisfaction with their accommodation¹⁶ there is a real concern at the bottom where poor and unresponsive management is a common complaint and advice agencies are reporting that this has been only growing.¹⁷ In some instances landlords deliver a poor service or operate outside the regulatory framework out of ignorance but there are some unscrupulous landlords who wilfully act illegally and in doing so not only harm their tenants, who are often vulnerable, but also give other landlords and the sector as a whole a bad name.¹⁸

B. Affordability and Local Housing Allowance

For any household, affordability is vital. Rental levels in the PRS reflect both the costs of servicing mortgage capital financing for the landlord (as in the owner occupied sector), and the fact that demand is outstripping supply in the market. As a result rents have soared in recent years.¹⁹ The average private rent is £162 per week compared to £75 in the social sector.²⁰ Yet (as Kate Green has highlighted in Chapter 5) the coalition Government identified in its first budget and spending review housing benefit and in particular, Local Housing Allowance (LHA), for swingeing cuts.

The proposals in the Welfare Reform Bill to break the historic link between actual rent levels in localities and benefit levels by increasing housing benefit levels instead by a single national measure of CPI will have the most damaging effect in the medium and longer term – fundamentally diminishing tenants' purchasing power in the PRS²¹ and putting much of it beyond reach, particularly in high demand areas, such as London, where landlords have other options.²² Those fewer landlords who will still let to LHA claimants will be much more reluctant to invest in growing, maintaining and improving their stock.

It has taken some twenty years for any Government to restore the link between pensions and earnings – once the link between actual housing costs and benefit levels is broken it may take just as long to restore, with generations of households condemned to poor housing in the interim.

At the heart of the issue is an absurdity – despite being the single biggest funding stream for the housing sector and for the PRS in particular, the Housing Benefit budget is in the control not of the Housing Minister but of the Department of Work and Pensions, for whom it is never a priority, except to reduce the bill.

C. Stability and Security

For many tenants, particularly but not exclusively students and young professionals, their use of the PRS is essentially short-term – over half have lived in their accommodation for less than two years.²³ Amongst the lowest-quartile income group 36 per cent have stayed at their current address for five or more years.²⁴ However, across the sector only 10 per cent of private renters had lived in their current home for ten years or more²⁵ which is still very different to the social sector or owner occupying.

Of course we need to encourage new entrants to the market and landlords do have their business interests to protect, but a tenancy is someone's home so tenants need adequate notice and in general a presumption that they will not need to move unless they choose to.

Tenants often argue that even where they have been in a tenancy for a relatively long period, the lack of long-term certainty of an assured short-hold tenancy (AST) leaves them feeling insecure and affects the sense of power they have over their home. This is particularly significant if tenants fear that attempts to complain to their landlord or enforce their rights may result in them facing a retaliatory eviction action. Moving at short notice, particularly when forced and away from family and friends or professional support, can be very detrimental to life and employment chances, particularly for children or for vulnerable adults. Being on an AST with the possibility of moving also means that tenants feel less attached to their local community and adds to churn in an estate or neighbourhood making them more difficult to manage and with consequential impacts on crime and ASB – undermining Government objectives to promote secure and sustainable communities and community cohesion.

The ending of tenancies in the PRS is becoming a growing cause of homelessness.²⁶ When tenancy breakdown does occur,

particularly amongst those who are poor and vulnerable, it can be due to a range of factors such as rent arrears, anti-social behaviour and a breakdown of the relationship between landlords and tenants. Support for tenants is often provided in the social and supported housing sectors but needs to be more widely available in the PRS too. But such tenancy support services alone will not be sufficient for stable and sustainable tenancies and tenancy breakdown is often triggered by the environment someone is living in.

A new approach needed

Given these issues in the PRS there are clearly a number of ways in which both practice and the public policy framework need to be improved to encourage the good landlord and drive out the bad. We need to inform, empower and support the consumer and in particular we need to respond to the market failure that exists for poorer tenants.

Landlords could play a greater role, particularly as just 2.2 per cent are members of a professional body.²⁷ However, given the excess of demand over supply at the bottom of the sector, self regulation alone is not going to raise the standards and quality of the PRS sufficiently.

It is important to note that 41 per cent of dwellings where a landlord had used an agent to manage the property – who might be expected to play a role in improving standards – were in fact non-decent²⁸ and the quality of service offered by letting agents is a common source of complaints. Mandatory licensing of agents has therefore been widely supported across the sector from both landlords and tenants.

PRS Access schemes have been working for a number of years to help homeless people overcome the barriers they face to renting privately, such as the lack of a deposit, references, the need for housing benefit and a potential reluctance for landlords to let

to them. Access schemes rectify this market failure by building effective relationships between tenants, landlords and local authorities. This is cost effective²⁹ and allows the PRS to work for this client group, offers choice to tenants and frees up places in supported housing and social housing. We need every area to have an Access scheme open to all and whilst Crisis is working with DCLG³⁰ to help achieve this we need local authorities to do much more.

Local authorities can and should also do more in terms of the priority they give to the PRS, particularly in tackling poor properties and landlords, and in joining-up between different functions. Local Environmental Health Officers carry principal responsibility for policing the sector yet typically not enough priority or resources are put into using the powers they do have³¹ – noise, rubbish, health and safety and for local accreditation schemes, HMO and selective licensing. With the cuts to local authority budgets this is only likely to get worse.³²

Many local authorities also do not use effectively their buying power in procuring stock to lease for homeless families, asylum seekers and others to raise the quality of provision. At worst there has been incentive inflation with different arms of the state competing to secure a property for their needy person, but with no attention paid to the property quality. Local authorities should set clear standards with timelines for properties meeting the decent home standards and refusing to use any landlord who has had a complaint against them.

It is very difficult to see, however, how either of the twin aims of improving property standards and encouraging landlords to grow their portfolios to help meet ever increasing housing need will be achieved with the cuts to LHA already passed, and particularly with the extension of the Shared Accommodation Rate³³ and removing the link to local rent levels.

We should also look at whether the current rental package could be disaggregated – separating out financing and ownership, from management and the terms and conditions of the tenancy. Encouraging institutional investment in the sector; RSLs in property management and tenancies of different lengths are all examples.

As the Law Commission³⁴ recommended, there should be alternatives to ASTs with longer term tenancies promoted, or at least improvements such as a lengthening of the notice period for tenants the longer they are in a property. And at a time when the Government is looking to change the deal in the social sector by no longer giving new tenants lifetime tenure, it would seem fair to be looking to equalize the offer across sectors with in return greater stability to tenants in the PRS.

Fundamentally the PRS needs to catch up with the enhanced rights that a consumer would expect in any other modern market. A survey into consumer perceptions found that based on consumers' recent experiences, the private rented sector ranked 38th out of 45 different markets.³⁵ And 23 per cent gave a score between 0 and 3 (out of 10) when asked how much confidence they have that consumers' rights in private sector renting are protected. This sense of disempowerment is a common factor for most tenants at some stage or other of their private renting journey – for vulnerable tenants it is an all too often present reality – and there is no effective body to which a consumer can take their concerns and achieve redress.

Social housing and home ownership are not going to grow enough to meet demand, so rental will be key.

Building a political platform for change

Of course it will remain necessary and desirable to increase the supply of social housing and people's aspirations towards home ownership are unlikely to change overnight but neither sector is going to grow enough to meet demand, so the PRS will have to be a key part of meeting housing need. Plus the PRS has a number of advantages – it brings in new resources and tenure mix and flexibility. Yet as this paper has outlined there is clear evidence of concern across a range of issues, so why have we not had the political and policy response to achieve the reform that we need?

Ministers of both Labour and Conservative Governments have been ever more willing to extol the virtues of a PRS and for it to play a greater role in tackling homelessness and meeting housing need without recognising that it cannot do everything and willing the means to make it better.

In recent years we have had a series of influential reports such as the Law Commission and Rugg reviews plus papers and research published by charities, tenants groups and others – yet no Government has seriously addressed the issues facing the sector or delivered reform. This is mirrored at a local level with council officers and lead members focusing primarily on the social sector, viewing the PRS too often as the “free” housing solution without giving it the support and focus needed to deliver sustainable outcomes for individual households and their local areas.

Perhaps this reluctance to address the issues derives partly from the experiences of the PRS of the majority of politicians and indeed journalists revolving around their time as students or young professionals, rather than something more long term. Yet that experience should also build common understanding as many will have direct or other experience of poor property condition, a landlord who was backward in doing repairs or a

battle to return a deposit. Instead of viewing this as somewhat of “a rite of passage” to adulthood this should inspire the political classes to do more to help those for whom poor rental conditions are a longer term issue and who lack alternatives or the ability to escape. The campaign which Crisis ran with others in 2009 to highlight the circumstances of private tenants who faced eviction when their landlords were repossessed, resulting in new legislation to protect them, was successful in large part because it tapped into mainstream concerns and experiences.

The real challenge perhaps lies on the other side of the rental partnership, that of landlords. The British obsession with our “homes being castles” coupled with the growing role of investing in property as an alternative to pensions creates a political reluctance to do anything that could be perceived as limiting the value of that investment or interfering in the freedom of people to use their homes as they choose.

To change this the PRS should be viewed as a market requiring a framework of regulation and support like any other. It is striking to note that whilst you need a licence to run a café, to be a child minder and many other professions, and you would be investigated to take an animal home from a dogs’ home, you do not need to have any official check, sanction or permit to provide a home for another household.

A policy framework that requires the PRS to play a greater role in meeting the housing need of those who cannot make provision themselves will ultimately need a public subsidy in some form – as with other parts of the economy – and the government will have to accept it has to pay the market price for services privately delivered. In justifying the coalition Government’s cuts to LHA we have had the odd situation of Ministers from the Conservative Party accusing private landlords of making excessive profits. Yet the majority are private individuals who in letting their properties to LHA claimants are delivering a public

benefit – something normally considered as core to Conservative philosophy.

One of the reasons for lack of action is there is not a concentrated or strong enough tenant voice, lobby or political constituency for private tenants in the same way that there is for either owner occupiers or social tenants. Politicians on the left discover their voice on the PRS often only out of office. Locally councillors pay too little attention or are prevented by national frameworks yet they could and should make their name by championing the cause of a strong and fair PRS in their area.

To begin to tackle all of these issues we need to start by having clear, consistent and integrated leadership towards policy on the sector. At present, key responsibilities for housing need are dispersed across a range of many government departments, often leading to fragmentation. For example, the Housing Minister is nominally in overall charge of housing provision, yet the DWP is in charge of Housing Benefit. This split of functions, control and responsibility is replicated within local councils. A manifesto for reform should address this straight away with a Housing Minister or spokesperson making the PRS a priority and being given leadership of the tools for the job.

The PRS is central to meeting our housing needs in the 21st Century but it needs strengthening, reforming and enhancing to best achieve this. It needs to move from the fringes to the centre of the housing debate and that needs to start with Housing Ministers and Lead Councillors of all parties making it a priority. The coalition Government should rethink and take up the cause. But if they do not and as the Labour party begins its policy reviews, making the PRS fit for purpose would be a great place for it to start.

Footnotes

- 1 Rugg, J. and Rhodes, D. (2008) *Review of Private Rented Sector Housing*, York: The Centre for Housing Policy, University of York.
- 2 Shapps (2010) in Hansard (2010) Oral Answers to Questions – Communities and Local Government, House of Commons, Thursday 10 June 2010 <http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm100610/debtext/100610-0001.htm> [accessed 3/5/11].
- 3 In 1918 the PRS accounted for 76 per cent of all housing; just under a century later it accounted for 16 per cent. DCLG (2011) Table S1011: Trends in tenure: 1918 to 2008, England <http://www.communities.gov.uk/documents/housing/xls/1806602.xls> [accessed 3/5/11].
- 4 *English Housing Survey* (2011) Headline report 2009–10, London: DCLG and ONS.
- 5 Pattison, B., Diacon, D. & Vine, J. (2010) *Tenure Trends in the UK Housing System: Will the private rented sector continue to grow?* Coalville: Building and Social Housing Foundation.
- 6 Rugg, J. and Rhodes, D. (2008) *Review of Private Rented Sector Housing*, York: The Centre for Housing Policy, University of York.
- 7 *English Housing Survey* (2011) Headline report 2009–10, London: DCLG and ONS.
- 8 Under the terms of the homelessness legislation only certain groups, primarily families with children and some very vulnerable single people are deemed in Priority Need and therefore entitled to be housed by local authorities – the majority of single homeless people do not.
- 9 The Localism Bill will allow local authorities to discharge their homelessness duty for Priority Need households by placing them into a private rented sector tenancy, of as little as 12 months, without their consent, instead of into social housing.
- 10 DCLG (2011) *Table 600 Rents, lettings and tenancies: numbers*

of households on local authorities' housing waiting lists 1, by district2: England 1997-2010 <http://www.communities.gov.uk/documents/housing/xls/1783262.xls> [accessed 3/5/11].

- 11 In 2008 in Germany 54 per cent of households were renting (with just of those 5 per cent social renting) and 46 per cent were owner occupiers. See Tables 3.5 and 3.6 in OTB Research Institute for the Built Environment (2008) *Housing Statistics in the European Union 2010*, The Hague: Delft University of Technology http://abonneren.rijksoverheid.nl/media/dirs/436/data/housing_statistics_in_the_european_union_2010.pdf.
- 12 In 2007, the 10 year preference of 84 per cent of households in England was to be owner occupiers, 8 per cent preferred social renting and just 2 per cent preferred private renting. This contrasts with the figures of 1975, when the preferences were 62 per cent for owner occupation, 25 per cent for social renting and 6 per cent for private renting. Source: Table 1 in Wallace, A. (2010) *Public Attitudes to Housing*, York: JRF.
- 13 *English Housing Survey* (2011) Headline report 2009–10, London: DCLG and ONS.
- 14 Households in receipt of at least one of the main means-tested benefits more likely to live in properties failing to meet the decent home standard. Source: Rugg, J. and Rhodes, D. (2008) *Review of Private Rented Sector Housing*, York: The Centre for Housing Policy, University of York.
- 15 *English Housing Survey* (2011) Headline report 2009–10, London: DCLG and ONS.
- 16 82 per cent of private renters are satisfied (either very or fairly) with their accommodation, compared to 95 per cent of homeowners and 78 per cent of social renters. Source: *English Housing Survey* (2010) Household report 2008–09, London; DCLG. <http://www.communities.gov.uk/documents/statistics/pdf/1750765.pdf>.
- 17 Shelter recently reported a 23 per cent increase in the number of

- people seeking help for problems with their landlord in the past 12 months. Source http://england.shelter.org.uk/news/march_2011/tenant_protection_needed.
- 18 More than 60 per cent of 184 environmental health officers surveyed by Shelter in 2010 said that more than half of their cases involved people from vulnerable groups. Almost all had encountered landlords who persistently ignore their responsibilities. More than 90 per cent had encountered cases of severe damp, mould, electrical or fire safety hazards in properties they had investigated in the last year. Source: http://england.shelter.org.uk/news/september_2010/rogue_landlords_exposed.
- 19 Mean monthly rents for an assured tenancy went from £377 in 1997/98 to £583 in 2007/08, a rise of 55 per cent in 10 years. Source: <http://www.communities.gov.uk/documents/housing/xls/141452.xls>.
- 20 English Housing Survey (2011) Headline report 2009–10, London: DCLG and ONS.
- 21 Lister, S., Reynolds, L., & Webb, K. (2011) *The impact of Welfare Reform Bill measures on affordability for low income private renting families*. London: Shelter & Chartered Institute of Housing.
- 22 RICS (2011) Residential Lettings Survey GB, London; The Royal Institution of Chartered Surveyors http://www.rics.org/site/download_feed.aspx?fileID=8934&fileExtension=PDF [accessed 5/5/11].
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 - 28 DCLG (2006) *English House Condition Survey: Annual Report*, London; DCLG.
 - 29 Crisis (2008) *Private Access: Public Gain*, London; Crisis.
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 - 31 Rugg, J. and Rhodes, D. (2008) *Review of Private Rented Sector Housing*, York: The Centre for Housing Policy, University of York
 - 32 Over half of CIEH members believe environmental health problems in the private rented sector are set to get worse in the next year. Source: http://media.shelter.org.uk/home/press_releases/90_of_environmental_health_officers_encounter_rogue_landlords_harassing_or_illegally_evict_tenants.
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SECURITY AND ASPIRATION

Homes for Citizens

7. Housing under the Coalition

Richard Capie

For a years, people's choice of housing has been too limited: private, social rental, ownership or shared-ownership. We need to think about a new affordable offer for those caught between social renting and ownership, and for whom private renting is not suitable.

Introduction

In 2006 the then Secretary of State for Communities Ruth Kelly asked John Hills to “stand back and ask what role social housing can play in 21st Century housing policy”.¹ Shortly afterwards her department also commissioned Julie Rugg and David Rhodes to carry out an independent review of the Private Rented Sector.²

These were reviews that the housing profession had called for. Indeed, they were seen by many as long overdue. There was widespread recognition that for all the changes that had taken place in public policy under the Labour administration, housing policy had been, by and large, left untouched.

The Chartered Institute of Housing supported the reviews, and our 2008 paper *Rethinking Housing* made a key contribution to the debate, in particular trying to ensure that the housing sector focused its attention on making the best use of existing housing, as well as looking for ways to boost new supply. At its heart was an argument that the

social and private rented sector should be improved and developed as a wider, more flexible, continuum.

Half a decade on and much has changed. A new Government, with a different economic and political philosophy, is now in place. And while much of its current focus is on the painful task of deficit reduction and economic recovery, equally as important are its long term ambitions to reshape the public sector, re-define the role of government in service provision, and promote a new vision for society and communities. For once housing is very much in the mix.

The Government has stepped back from the Rugg review, with Ministers “satisfied that the current system strikes the right balance between the rights and responsibilities of tenants and landlords”.³ Instead the coalition has focused its energies on significant changes around new supply and social rented housing. Today, we find ourselves in the midst of new policies around planning, affordable rents, flexible tenancies, national mobility schemes and housing and welfare benefit changes.

The current reform programme set out in *Local Decisions: a fairer future for social housing* is ambitious and far-reaching. Its scope is wide and the time frame in which it is being driven forwards is frantic. It is worth reminding ourselves of the key terms of reference that framed the Hills report:

- What can social housing do in helping create genuinely mixed communities?
- Can the way we run it encourage social mobility and opportunities, including in the labour market, for people to get on with their lives?
- Can social housing and other support be more responsive to changing needs and enable greater geographical mobility?

Interestingly, these terms of reference from a Labour Government still hold true for much of today's coalition reforms,. However, the actual motivation and trigger for change could also be expanded to include:

- How can social housing be used more effectively as an asset to help support the delivery of new housing?
- Can social housing be more effectively rationed, through both access and use limits, to maximize its use by existing and future tenants?
- How can social housing and support for housing costs be more closely aligned to welfare mechanisms across government, including elements of conditionality?
- How can the cost to the taxpayer of support for housing be reduced?
- How can the state play a reduced role in provision of what have previously been considered public or quasi-public services?

Recent actions around housing benefit reform also suggest that the time is fast approaching when the benefits of mixed communities will be challenged. As a Department for Work and Pensions' spokesperson recently commented, "We can't justify having welfare families in wealthy properties in expensive areas which hard-working families can't afford."⁴ It is not a significant jump to the thinking explored in a recent Policy Exchange paper which asked whether people believed social tenants should be offered housing in 'expensive areas' or worth more than the local average.⁵

It is therefore timely to come back to this question of how we might be able to provide a better and more flexible approach to rented housing.

A housing market that falls short

CIH has for a long time highlighted the need to develop a much better housing offer for households who struggle to meet their needs with the options that currently dominate the market – ownership, shared ownership, social rent or private rent. Over the last 2 years we have specifically looked at what a wider, more flexible rental offer might look like, and indeed what kind of demand might exist for a different approach across the housing sector.⁶

Even though there are significant differences between local housing markets around the country, access to all main forms of tenure can be difficult for some households in many of these markets:

- Access to social housing is limited, and tends to be more limited for people without families who aren't considered vulnerable. There were 252,484 new lets in 2008-9, from a waiting list of 1.7 million households.
- Private renting does offer a range of rental levels, but even lower end rents can be prohibitive in higher value areas and lower income households can struggle to provide deposits and access good quality, well managed housing.
- Intermediate ownership products (shared ownership, shared equity, and Rent to HomeBuy) are in most areas not available to people whose incomes are lower than

£20,000. They also tend to come with full responsibility for repairs and maintenance which can be difficult for people on lower incomes to afford.

- Outright home ownership has become increasingly difficult as higher deposits and tighter mortgage finance criteria have reduced the availability of home loans for many households and in particular those on low incomes.

Today there are a growing number of people who are looking for suitable housing options who are not in 'priority' housing need but whose income would not allow them to access home ownership. This group covers a range of people, from those at the margins of home ownership to those who have no independent living options accessible to them. For many the private rented sector or living with relatives is the only option.

Indeed government recognised the importance of growing this private rented sector in the Treasury paper *Investment in the UK private rented sector*. Recent budget announcements also show a willingness to pave the way for growth, notably through Real Estate Investment Trusts and reduced tax disincentives for bulk purchases.

Affordable rent

The Government's primary response to date has been the introduction of the affordable rent model. This has been accompanied by provisions to provide local authorities with more flexibility in the management of common housing registers.

At the time of writing it remains unclear how affordable rent will unfold, but early signs appear to show significant limitations. In some parts of the country social rents are of course already higher than market rents, so affordable rent isn't an option. However the primary concern is the model's failure to tackle the key issue of who the customer actually is or should be. In essence it appears to provide housing for the same client group, but at a higher price. This has created significant issues, in particular around the interface with housing benefits and the introduction of a benefit cap.

Sadly, the focus of affordable rent appears to have been overwhelmingly on using higher rents to try and offset lower capital investment, rather than looking at designing a product that is about meeting a gap in the market. So, while it may be called affordable rent, it is in effect "more expensive social rent, for some new tenants, in some places, depending on your landlord". Perhaps a form of localism; perhaps a bit of a mess.

Interestingly, we don't have to look far to see how it could have been done. *Firm Foundations: the future of housing in Scotland* recognised the need for a wider range of rented products.⁷ As a result, the Government at Holyrood has introduced mid-market renting or MMR as a new form of affordable housing. It allows tenants to pay rent levels below the normal market rent level in the area, although rents are higher than what a tenant would normally expect to pay in social housing.

Tenancies can vary in length but look most likely to vary between five and ten years. Importantly, the product is about meeting a distinct need – those caught between home ownership and social renting and for whom the private rented market isn't best suited.

Widening the rental offer

In *Widening the rented offer*, CIH identified two clear target groups for a wider rented offer:

- Those whose social and economic wellbeing would benefit significantly from discounted market rents.
- Those whose social and economic wellbeing would benefit significantly from a longer term tenancy.

Discounted market rents

Much of the mid-market rented housing developed using government funding has been focussed on groups who might previously have been eligible for low cost home ownership products. These households are therefore likely to be at the higher end of in-work low earners. The Resolution Foundation has usefully characterised this group as often too poor to benefit from the full range of opportunities provided by private markets but too rich to qualify for substantial state support, and living at the edge of their means and therefore vulnerable to changes in circumstances (see Chapter 2).

For this group, saving for a deposit, securing a mortgage if they don't already have one, and sometimes securing access to the private rented sector will be difficult. Importantly, this group also spends a higher proportion of their household income on housing costs (including fuel and power) than higher income groups. In short, housing expenditure is higher for households in this group than others.

Of particular concern are those within this group who cannot afford to pay market rents for accommodation that meets their needs. These households may be living in private rented

accommodation that is unsuitable, or these may be concealed households – adults in permanent relationships staying on in the family home, with relatives or friends.

While this group may have traditionally been catered for by social rented housing, limited supply in most areas and allocations that prioritise people in housing need, mean that the likelihood of them securing a social home is low. Indeed, some of the changes around local authority administration of waiting lists is about managing down the expectations of this group that they will ever secure a social rented home, or perhaps more cynically, achieving a reduction in waiting lists by limiting participation. Falling supply and the squeeze on public investment also means that this is likely to get worse.

Clearly people in this group would benefit from the availability of rents that are below market levels. They would benefit from rents that are able to take into account the link between the cost of renting in the open market and what is affordable to people in this group. This will vary depending on the market situation in particular areas.

A longer tenancy

The private rented sector is dominated by assured short-hold tenancies, and 40 per cent of tenants have been in their home for less than a year. While this reflects the clear importance of the private rented sector in supporting mobility of both accommodation and labour, for some households the short term nature of private tenancies makes planning for a secure future difficult.

A tenancy which is only guaranteed to run for six months, and a rental market dominated by private individuals whose priorities for their investment are not clear, can mean that many people living in the private rented sector can be unable to make longer term decisions about their future. This is particularly the

case for those for whom home ownership will remain out of reach and where the private rented sector is not a lifestyle or transitory tenancy.

This can lead to a lack of incentives to improve their home and develop local connections with neighbours – the social benefits that are often referred to as ‘social capital’. There may therefore be a gap for housing providers to develop good quality, longer term tenancies at a wider range of rents to meet broader societal goals.

Demand exists but what would a wider rented product look like?

The question is whether current providers of affordable housing – and in particular housing associations – with their considerable expertise in developing and managing rented and intermediate products – could be in a position to help meet demand and need for new rented accommodation.

To date, the housing association sector has been reluctant to develop a stronger role outside of core social rent, focusing any diversification largely on low cost home ownership products. The scale of involvement in the non-social rented sector remains a tiny proportion of the sector. In 2010 there were only 50,318 non-social rented homes owned by housing associations, out of a total of 2,437,005.⁸

Today, it does appear however that the housing association sector is becoming less ambiguous about moving in to full and mid-market rental. While some would see this as moving out of their areas of core focus, others, (for example Moat) see themselves as responding to local demand and needs, using their existing housing assets to leverage private finance for new developments. But for most housing associations pursuing this strategy the primary driver would appear to be the current economic climate and the very real pressure to expand housing stock cou-

pled with restrictions in subsidy meaning that more associations are looking at a broader approach to renting as an option.

Linking provision to need

It is clear that if we are to open up and develop different forms of renting then there must be better analysis of local markets and better understanding of the types of properties, prices and products which are therefore needed.

In particular, for each area being considered, providers need to base investment and provision on assessments of:

- the links between earnings and rents;
- the scale of difference between market rents and social rents;
- households' ability to access home ownership, and the relative costs of home ownership and renting; and
- the role and profile of the private rented sector.

In some areas the difference between social and market rents is not that great, so there may be little merit in offering mid-market rents. Given the limited amount of funding available in future years to build social housing, in these areas the focus might not be on providing different products for different groups, but rather on developing models for rented housing that work without public investment.

A dual system of affordable housing?

One of the main criticisms of a wider rented offer has been the risk that it could create a dual system of affordable housing, where higher income households are able to "jump the queue" because they could pay higher rents.

Such a system would be in tension with the principle of allocation on the basis of need and could dilute providers' focus on households in greatest need. Yet, there is a very live debate underway about whether it is time to develop a more sophisticated approach to need. It's a difficult balancing act.

There is broad agreement that we need to first and foremost protect the most vulnerable, but there is also growing appreciation of the unintended consequences of a purely needs-based system of allocating social housing. Notably, the evidence base continues to grow on the difficulties inherent in creating concentrations of very poor people whilst at the same time undermining the breath of support for what purports to be a universal system by only limiting housing support to certain groups in society.⁹

Offering new and more flexible options could actually help tackle the number of people on the housing register with social rent taking the highest need and other renting options helping with the non-priority end. Recent research by Hometrack from CORE data found that 15,000 households allocated general needs social housing last year had enough income to be able to pay a mid-market rent (80 per cent of an open market rent).

15,000 households allocated social housing last year had enough income to pay a mid-market rent.

Given the squeeze on capital and revenue support for housing, there is an argument that what resources we have available are better-targeted. Recent Government announcements indicate that it may be more keen to tackle 'over subsidy' in future – this might mean ensuring people on high incomes do not benefit from social rent, or that people receiving housing benefit live

mainly in social rented housing rather than a more expensive private rented sector.

Provision of a wider range of rented housing options, looking at existing and new stock, can help offer a way to address these challenges. Taking this approach is not without difficulties, and some significant policy and practice issues will need to be addressed.

Existing homes

Importantly, if real progress is to be made on creating mixed income communities then this must be achieved in the 4 million existing social homes as well as through new development.

The latest Family Resources Survey from 2008/2009 shows that 16 per cent of social housing households earn between £500-£1000 per week. This figure rises to 26 per cent if it includes the 10 per cent of households who earn between £400-£500 per week.¹⁰ Then there is the equally difficult question of those in social housing who have significant other assets, including private housing.

Given the squeeze on resources to improve existing homes and build more rented housing, the debate around how best to marry affordability to lettings appears to only just be beginning.

The form of tenancy

The type of tenancy offered with new types of rented housing is also important. Whereas social lettings are secure/assured, mid-market tenancies might well be on a fixed-term short-hold basis. Indeed this is a significant matter of debate – some people are adamant that housing associations and local authorities should focus on giving all their tenants security of tenure.

In order to deliver mid-market housing is it likely that new approaches to provision may involve selling some properties within developments to help finance new homes. This will

inevitably involve fixed tenancies, to give some control over vacancy (and therefore sales) rates. We have seen that most associations would intend to let their non-social housing on longer (often five yearly) tenancies. This gives the tenant more security and a better ability to plan for their next move than a six month or one-year tenancy.

There is also an expectation that providers will plan how they can support tenants whose tenancies are drawing to an end. Some providers have already introduced a regular 'review' of the changing needs and aspirations of their social housing tenants in relation to their tenancy, which allows the registered provider to discuss with individual tenants what their options are. If housing providers develop a more flexible approach to managing their assets and develop regular tenancy reviews, then there is scope for them to advise and support people coming towards the end of their tenancy.

There is however a clear view in the sector that keeping people in communities (if they wish) when their income has changed is desirable. Landlords will of course wish to retain the ability to churn stock and re-assess rents at the end of a tenancy, but they will equally be minded of ensuring that estates and communities remain desirable and sustainable. The creation of revolving door of poverty would be counter productive for both the landlord and the tenant.

The vision emerging appears to be one in which those on higher incomes or with other wealth are encouraged and enabled to stay, to contribute skills and buying power to local economy. But that they move to different tenure arrangements which are more suited to their incomes.

Conclusion

The primary risk we face today is that housing policies are moving forwards at a pace that is dominated by an over-

whelming focus on the desperate need to build more homes, and that the needs of tenants, current and future, are not being given due consideration.

Looking ahead, it is unlikely that the current move to the affordable rent model will be sustainable. With 4 million homes already within the social sector, further rental reforms in the existing stock appear to be likely alongside new rental products. We need to act now to establish a well thought-through approach to what a new approach to a continuum of renting would entail.

Footnotes

- 1 Hills, *Ends and Means*, February 2007.
- 2 Rugg and Rhodes, *Review of Private Rented Housing*, Oct 2008.
- 3 <http://www.communities.gov.uk/news/newsroom/1612019>.
- 4 <http://www.dailymail.co.uk/news/article-1379150/Family-12-refugees-handed-6k-month-UK-home.html>.
- 5 *Just Desserts*, 24th April 2011, <http://www.policyexchange.org.uk/publications/publication.cgi?id=237>.
- 6 *Future directions in rented housing and Widening the rented housing market*, www.cih.org.
- 7 *Firm Foundations*, October 31, 2007. <http://www.scotland.gov.uk/Publications/2007/10/30153156/0>.
- 8 RSR 2010.
- 9 Feinstein, L., Lupton, R., Hammond, C., Mujtaba, T., Salter, E. and Sorhaindo, A., (2007), *The public value of social housing: a longitudinal analysis of the relationship between housing and life chances*, London: Smith Institute. Available from the Smith Institute website. Also Lupton, R, *Growing up in social housing in Britain: A profile of four generations from 1946 to the present day*, 2009.
- 10 Table 3.10.

8. A New Role for Social Landlords

Brian Johnson

The role of social landlords needs to change if they are to offer tenants a fair and efficient housing solution. The needs of tenants can change – for better or worse – so landlords must be flexible, offering different types of tenancy to reflect these changes.

The 2007 report by Professor John Hills stated that for over three decades, the aim of English housing policy could be summarised by the slogan ‘a decent home for all at a price within their means.’¹ Four years on, in a period of deep cuts to public subsidy for social housing, we may very well decide to change the slogan to ‘a decent home for all at a price within our means.’ Advocates of a fair and decent system of housing provision must now, more than ever, acknowledge that we must operate with scarce resources. Combining fairness and efficiency will require a combination of imagination and innovation, both from policy makers and from social landlords.

But how will we know if we have succeeded? At Moat we have developed a series of five indicators or ‘tests’ that a progressive housing framework must meet in the coming years. The key to success in practice will be the specific end products that serve the needs of a range of households – not just those at the bottom of the income scale – in an equitable way.

However, this objective will inevitably force us to make some hard decisions. In particular, we need to acknowledge that the needs of tenants change over time, and that a deal 'for life' for social tenants can no longer be sacrosanct. This is especially true when there are so many households in need of greater housing assistance, and yet excluded from social housing because of its scarcity.

Flexibility is a crucial component of our proposed framework and innovation is vital if we are to achieve this. In particular we need to rethink the way that social landlords approach shared ownership. Whereas there has been a tendency to think of this as a fairly simple product and a stepping stone to full ownership for relatively affluent households, real innovation and well developed products can responsibly extend shared ownership to a far wider range of households; and in a way that is cost-effective for the tax payer.

Five tests of fairness and efficiency

1. Proper use of public subsidy

In a time of 'austerity' we have no choice but to think hard about the most efficient way to distribute our housing resources. Many households facing financial hardship are receiving less help with their housing needs than some whose needs are not as great. In the context of limited resources, helping the households most in need will require some rebalancing of public subsidy, with a greater focus on immediate needs. This is likely to require a new approach to some key progressive principles in housing – most obviously, social housing tenancies for life – but we must do so in a way that is fair as well as efficient.

Thus, our first key test for a new progressive framework for housing is that it must represent the best value for money. However, it must be every bit as socially beneficial as it is financially efficient.

2. Flexibility

The second key test is flexibility. There are two crucial components to this. The first is that landlords must have the ability to be innovative in the way that they design, plan and fund their housing provision. This encourages the design of more appropriate offers and housing mixes which are responsive both to residents and to local operating environments. Not only does this potentially lead to the development of more homes, but it unlocks a greater capacity to assess and react to individual needs. As we will later suggest, a key factor will be the ability of social landlords to sell housing to a range of households, including those who can afford to buy 100 per cent equity in their homes, thereby allowing them to cross-subsidise shared ownership and social housing.

This should allow greater flexibility for residents, allowing them to think more freely and creatively about options that might improve their lives. A key goal here is to create greater mobility in the social housing sector, especially mobility in the labour market. Currently, only 5 per cent of social housing tenants move each year, with just 4 per cent of these cited as work related.² This compares unfavourably to both the private rented sector where the equivalent figure is 18 per cent, and to owner-occupiers where work accounts for 8 per cent of all moves³ – even despite the complexities associated with the disposal of a mortgaged property.

3. Aspiration

Few would argue against the core principle that people should be encouraged to improve their circumstances. For this reason, the third progressive test is whether the system encourages aspiration.

The critical aspect of an aspirational housing framework is ensuring that adequate incentives are offered. Much has been written about the present system and its failure to do this, resulting in areas of 'concentrated poverty that are dislocated from the labour market'.⁴ On the bright side, success on this test would lead to an increase in wealth and less reliance on state support.

Since Tony Blair's departure from politics, it could be argued that the centre-left has become disenfranchised with the notion of aspiration; partly to distance itself from the New Labour brand, and partly as a policy repositioning exercise.⁵ Irrespective of the motivation, this has allowed aspiration to become a term predominantly used by the right.⁶

Progressive thinking must learn to re-embrace aspiration. It is, after all, a positive concept that ought not become exclusive to either side of the political spectrum.

4. Security

It is no coincidence that security should follow aspiration as the fourth test. There is currently serious tension between the proponents of security on one side and the proponents of aspiration on the other, leading to an excessively polarised debate. This can largely be attributed to the removal of security of tenure, leading to mostly oversimplified arguments about tenant vis-à-vis landlord rights. As will be argued later, the two notions of security and aspiration are not mutually exclusive, with both serving vital functions in a properly balanced system of housing.

If we are to accept the argument that social rents must rise because of the scarcity of public money, what is the argument for the removal of security of tenure? Whilst there is a good rationale for increasing rents when a household's finances improve, this is an entirely different proposition from ending the right of a tenant to remain in the same home.

Yet in 2010, the coalition Government announced that it was introducing the flexibility to set tenure lengths (under the new Affordable Housing product), with a minimum period of two years. Although many landlords, including Moat, have welcomed the move towards a system of increased flexibility for landlords, we are yet to see a convincing justification for removing security of tenure. Indeed, providing security is one of the core objectives for social landlords, as they can offer it in a way that private landlords would be both unwilling and unable to do.⁷ Therefore, the potentially negative impact on security for residents could mean that this is not the right kind of flexibility.

We are social landlords precisely because our objectives are social; this must include the promise of genuine security.

Security of tenure is of critical importance in ensuring stable household environments, particularly when it comes to the needs of children.⁸ Let's imagine a family with two children where the parents have separated. As a result, the mother has moved into an Affordable Rent home with her children, aged five and seven. She has been offered a home on a three-year tenure. Over time, one could expect that life should improve for this lone parent family following on from the original period of instability. However, at the end of the three years, if this mother's circumstances have

indeed improved, she could be 'rewarded' with the termination of her lease. Even though her children have now both settled into primary school and have enjoyed three years of relative certainty, they are likely to be destabilised once again. Given the above-average representation of lone parents in social housing (18 per cent in social housing compared to 7 per cent across all households⁹), this scenario will not be uncommon.

When this happens, the very purpose of social housing is called into question. After all, we are social landlords precisely because our *objectives* are social, and this must include the promise of genuine security. As we have argued, flexibility and value for money are crucial – flexible rent is a fairer and more sustainable means of achieving this than the removal of security.

5. Mixed communities

Finally, the fifth test of a progressive system of housing is whether it is producing mixed communities. Although the term mixed community can refer to multiple variables including profession, ethnic background, age and other distinguishing factors, in the context of this paper our primary concern is with a mix of incomes.

The often-quoted (see Chapter 1) Aneurin Bevan eloquently described his social vision in 1949 for post-war housing development. In particular, he referred to the 'lovely feature of the English and Welsh village, where the doctor, the grocer, the butcher and the farm labourer all lived in the same street... the living tapestry of a mixed community.'¹⁰

Since the Second World War, one of the key reasons for the provision of social housing has been to ensure that the less well-off are not simply cast out to the most deprived

locations.¹¹ It may be argued that this philosophy has been delivered with varying degrees of success, but social landlords have, and must continue to serve as a safeguard to income polarisation across regions – of the sort that can be created by market forces if left unchecked.¹²

Mixed communities are not merely desirable for egalitarian reasons, however. Access to higher-cost locations for disadvantaged residents can mean access to various additional opportunities, especially in the areas of employment, health, and education.¹³ An evidence review undertaken by the Department for Communities and Local Government described the rationale for mixed communities; it said that substantial diversification of housing type and tenure, combined with improvements to facilities and services, could both improve life chances for disadvantaged residents and reduce overall concentrations of deprivation.¹⁴

Any erosion in the philosophy of mixed communities would represent a negative shift in terms of equitable and progressive thinking. It must therefore be seen as an enduring indicator of success.

Means

If our five principles, or tests, of a progressive housing system are to be meaningful in practice they need to be embedded in a deliverable policy framework. So here we present the key steps to be taken if we are to use these principles to achieve a progressive, world-class housing system.

In 2010, the Government announced the introduction of a new type of social housing product, charging tenants up to 80 per cent of market rents and allowing landlords to decide on the length of lease – with a minimum period of two years. This product, known as Affordable Rent, will be delivered under the new Homes and Communities Agency (HCA) framework.

The assumption from the HCA is that once a lease expires, the landlord will determine whether the tenant's circumstances warrant their continued occupation of the property.¹⁵ In theory, this moves us more towards a system that redistributes public subsidy where it is needed most – and conversely, uses less on those who no longer require it. However, the system has been designed to work on an ad hoc basis in the sense that it is up to the landlord to determine for how long public subsidy is committed. For instance, if a housing association decides to offer a ten year lease, it can do so. This lease would then run its course with the resident paying 80 per cent of market rents for ten years, with no inbuilt mechanism taking into account considerable salary increases over that period. Therefore, against the first indicator – the proper use of public subsidy – the new system appears problematic.

Against the second test, the new framework does indeed establish the principle of flexibility – for landlords at least. As previously described, the Affordable Rent product not only gives landlords the freedom to set different rent levels but also, to set tenancy lengths.¹⁶ Whilst welcoming the introduction of flexibility, Moat and other housing associations have previously expressed concern that the latter may be of the wrong kind.

Whilst shorter tenures seem rational when measured purely against the first test (public subsidy), it is inconsistent with the third (aspiration) and fourth (security) tests, as it introduces both insecurity and a barrier to aspiration.

As a landlord, we also have reservations about constructing an image of our homes as short-term, temporary housing measures. Our experience suggests that residents who view their home as being 'for the long-term' are significantly more likely to take better care of the property and invest more time

and energy into the community in which they live. This level of commitment also helps us meet our fifth test (mixed communities), as it encourages more affluent households to stay as their financial circumstances improve.

Delivering on our tests

As a response to these concerns, Moat proposes an alternative model that reinstates security of tenure, but links it to what residents can afford to pay – and which we believe meets many of the challenges to housing associations set out by Richard Capie in Chapter 7.

The model works on the premise that people whose personal circumstances improve should not be forced to vacate their homes. Rather, an income assessment would take place every two years to determine whether the person could afford to pay full market rent. If it was deemed that they could, at that point our model would allow the landlord to charge full rent, but would also offer the opportunity to move to shared ownership if the resident wished to do so – giving rise to aspiration (third test). It would also restore a sense of security (fourth test), and allow people whose circumstances improved to remain within their communities (fifth test).

Some will rightly argue that the choice to own should not be the only legitimate aspiration. For different reasons including lifestyle, proximity to family and friends and various other circumstances, some people may find it more suitable to rent. However, it is important to remember that home ownership is still a legitimate aspiration for many, and should therefore play a central part in our overall housing offer.

Whilst taking the first step on the housing ladder has become increasingly difficult (see Chapter 2), there are viable and

positive alternatives to either renting or full ownership. Shared ownership, for example, has been used to good effect in helping people who would otherwise struggle to make it onto the housing ladder. Not only does this help meet our objectives of flexibility and aspiration – especially where residents can ‘staircase’ up or down, increasing or decreasing their equity share if their financial circumstances change – it also has the potential to deliver significant savings to the public purse.

In fact, the typical cost to the public purse of subsidising shared ownership products is significantly lower than for social housing, representing good value for money and a major saving to the taxpayer.¹⁷ So where the opportunity exists to responsibly encourage people to own, we should look to do so – not merely for egalitarian reasons, whatever their virtues, but because it can serve as a genuine alternative to affordable housing.

Nevertheless, even with lower subsidies required for shared ownership than for social housing or Affordable Rent, we inevitably come back to the question of how we fund new schemes. Perhaps, the time is right to look at ways in which we can cross-subsidise different products and programmes. With this in mind, we propose a shared ownership offer that consists of three main products aimed at three broad customer groups.

The first product would cater for people who are economically active and in ‘secure’ employment but on low to middle incomes, with sufficient monthly income to cover mortgage costs but generally with insufficient savings for a mortgage deposit. This group would include many in the social housing sector who may have a desire to leave social housing but are trapped by market constraints. As over 80 per cent of residents have been in the sector for ten years or more,¹⁸ creative reform is required to end the stagnation and comparative immobility of these households. A shared ownership product such as this would give a chance at ownership to many who

would otherwise remain in social housing – unnecessarily using more public money than is strictly required.

The second product would be aimed at a young, aspirational group of people who are generally early on in their working lives, and who have a strong probability of a significant increase in income over the years. For this group, the barriers to full ownership come from a combination of the size of the deposit and the monthly mortgage repayments required on a relatively low start-up salary. The rationale behind this product is to address the increasing age at which people can first afford to buy a home. The age of an average first time buyer without parental assistance is currently 37 years,¹⁹ whilst the average age of a shared ownership buyer is 32 years.²⁰ Several factors, including higher levels of student debt in the future, mean that without further innovation in the products that assist people to own, this upward trend in the age of first-time buyers is likely to continue.

Increasingly, people who have above-average incomes struggle to save for the high deposits required for mortgages.

Increasingly, people who may have above-average monthly incomes also struggle to save for the high deposits currently required for mortgages. The third product is therefore aimed at this group, which encompasses people in stable employment, many with families, and with less likelihood of major changes in income over their working lives.

In terms of funding, the first product would require a moderate level of public subsidy throughout its lifetime, although still at a significantly lower level than for social housing over the same period. The second product would be subsidy-neutral over its lifetime, but would require a modest injection initially. The

third product would deliver a profit throughout and could prove to be a very significant source of funding, providing for a wide range of housing needs.

If these three products were to be built in equal measure, our modelling suggests that they would cross-subsidise each other, thus delivering a range of shared ownership opportunities at no cost to the taxpayer. Clearly, this meets the proper use of public subsidy test (first test). The chance to own would serve as a valuable incentive to many, serving the principle of aspiration (second test). Home ownership would also give increased security to people who would otherwise rent for their whole lives (fourth test). Finally, this range of products would allow a range of incomes and tenures to develop within communities in an organic manner, giving rise to mixed communities (fifth test).

Conclusion

There is often a tendency to try to find a single solution to housing needs and problems. But of course, there is no single answer. When the two models above – tenancy flexibility and shared ownership – are combined, we start to get a sense of what is actually required: a flexible, multi-product approach.

Housing associations have not always been adept at entering the public debate over the direction of housing policy. If we are to combine experience with knowledge in order to build a framework that is both fair and efficient, this situation must change. Indeed, we see our role as more than a landlord. We have direct responsibility over the quality of people's lives, through the quality of the environments in which they live. We must therefore ensure that we contribute to the development of both policy and products that are not only workable for government, but also, for residents.

Throughout this paper, we have spoken at length about the need for flexible rents. This is vital if we are to create a

programme that charges both residents and taxpayers only what is strictly necessary. We have also spoken a great deal about shared ownership. This is partly because of our emphasis on aspiration and on finding incentives for people, but it is also about finding innovative ways of delivering on affordable housing objectives. Shared ownership is a tried and tested product that can help us do this in a cost-effective way. Staircasing must also play a greater role, and should be adaptable enough to give struggling residents the option to staircase down – an option that is still far better than the prospect of losing one's home.

Finally, we have discussed the desirability of mixed communities. We can achieve this aim by utilising a range of products and tenures concurrently, and by allowing people to stay in their homes for the long term.

Creativity and innovation must now enable us to develop the right range of solutions, with the five tests serving as our pointer to when we have satisfactorily created a system that is more progressive, equitable, and efficient.

Footnotes

- 1 Professor J. Hills, *Ends and Means: The future roles of social housing in England*, CASE report 34, Centre for Analysis of Social Exclusion, 2007, p.16.
- 2 The Centre for Social Justice, *Housing Poverty: From Social Breakdown to Social Mobility*, Housing and Dependency Working Group, November 2008, p.15.
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- 4 T. Leunig, *The right to move: A new agenda for social housing tenants*, Policy Exchange, 2009, p.16.
- 5 T. Blair, 'We must never concede the politics of aspiration for all', *The Guardian*, 18 November 2005.

- 6 As exemplified in this speech by David Cameron while in opposition, appearing in *The Guardian*, 18 January 2006, online version accessed 9 April 2011, www.guardian.co.uk/society/2006/jan/18/social-exclusion-conservative-party
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- 14 Department for Communities and Local Government, *Mixed Communities – Evidence Review*, November 2010, p.3.
- 15 Homes and Communities Agency, 2011-15 Affordable Homes Programme – Framework, February 2011, paragraph 3.14, p.17.
- 16 Although regarding rent levels, the HCA have stated in paragraph 3.10 of the framework that: 'While offers which include Affordable Rent for new supply and/or conversions at less than 80 per cent of market rents will be considered, it is expected that providers utilise the flexibility to charge rents of up to 80 per cent of market rents to maximise financial capacity.'
- 17 G. Burgess, *Changes in the Low Cost Home Ownership market in the credit crunch and recession in England* [Draft], Cambridge Centre for Housing and Planning Research, Department of Land Economy, University of Cambridge, Spring 2009, p.8.
- 19 The Centre for Social Justice, *Housing Poverty: From Social Breakdown to Social Mobility*, Housing and Dependency Working Group, November 2008, p.61.
- 19 Data from Council of Mortgage Lenders, 2009 and 2010.
- 20 Promoting Shared Ownership group research, 2010.

Housing Associations at a Crossroads

Matt Leach

Housing associations are adopting corporate models of governance that mimic large corporations. This may be a good business model but it can crowd out the 'social' function of social landlords, and has distanced them from the communities they serve.

Many aspects of the Big Society – in particular issues of mutualism, community ownership and localised decision-making – have been noticeably absent from the mainstream social housing debate.

This needs to change. Reduced capital subsidy for housing development, along with changes to rents and constraints on housing benefit, represent the most radical and far-reaching shift in housing policy for a generation.

The new development deal offered by the Homes and Communities Agency presents some significant choices for housing associations. If they put their key focus on developing new homes for those in most need, they may find themselves over time becoming largely defined as the 'landlords of the poorest', with little income to support anything other than the basic property management functions. Alternatively if they choose to focus on developing market housing for sale or rent, even where this generates cross-subsidy for the development of affordable homes, they may expose themselves to increased financial risk – whilst also

marginalising focus on their core social role. Or if associations choose to scale back development, whilst they are likely to become financially stronger, this is unlikely to please the Government and regulators, who will wish to find ways to force greater value out of the Government's historic investment in the sector.

It is in everyone's interest that the housing association sector – a unique resource that combines financial strength, sound infrastructure, expertise and local presence – confronts those choices in ways that enable it to continue to meet the demands of the communities it serves. Of particular importance will be how associations make their key strategic decisions, and the extent to which they reflect the genuine engagement and involvement of those communities.

Housing associations are governed by boards made up of non-executive directors. The increase in the scale of housing association business activity has been accompanied by a range of debates around housing association governance and accountability, including: whether association boards should be voluntary or paid; what the correct skills mix is; what the role of tenant board members should be; and what the merits are of the tripartite board structure – made up of councillors, tenants and independents – emerging from large scale transfers (in which councils sign over their housing stock to housing associations) from local authorities.

These debates can be seen as principally about the extent to which the role of the board is mainly about the efficiency of the business, or whether they should have a role providing wider accountability for that business.

In general, the arguments for efficiency have won out, particularly in the larger associations, leading to a movement towards a model of corporate governance that in many ways seeks to mimic the role of the dominant form of private sector

business: the public company, with a strong executive and (generally) paid non-executive Board providing oversight.

Yet this has happened without the clear accountability mechanisms that are necessary for the success of this sort of model. Whilst associations have independent boards, most do not have any real equivalent to the public company shareholder, to whom they are accountable and whose interests they are required to serve and protect. Where shareholders do exist, they have limited personal responsibility, and face little or no risk.

Most associations now have tenants on their boards and have mechanisms for tenants to influence their services. However organisations where tenants or communities are a central feature of the governance structures remain the exception. As well as leaving them unaccountable, this has in many ways distanced many associations from any direct connection with the communities within which they work. In the ResPublica report *To Buy, To Bid, To Build*, Steve Wyler and Phillip Blond argue convincingly that:

“The housing associations that came to dominate the market became accountable in the first instance to their investors and regulators, and on a secondary level to their tenants – but no longer to the local community. The result: housing as a community asset was lost.”¹

This is however not just an issue of ownership and accountability. Concern has been expressed by commentators – most recently by Jeff Zitron in *Social Housing* – that current governance arrangements are outdated and might be seen to be holding back innovation within the sector. This is partly because associations’ governance arrangements were predicated

on a voluntary ethos. This ethos has changed substantially – particularly in the larger associations – but governance arrangements have not necessarily evolved to meet the challenges these changes have produced.

Over the next few years, as associations make fundamental decisions about the extent to which they wish to continue to develop on terms set by the Government and invest in communities, or otherwise adapt their business models to respond to emerging economic and social challenges, housing associations will need in parallel to develop new forms of accountability. This will not only give legitimacy to their strategic business decisions, but also re-establish social housing as a shared community asset.²

In *The Ownership State*, Phillip Blond argued for new models of delivering public services that go beyond the prevailing models of top down state direction or private companies maximising shareholder value.

Housing associations are already major examples of organisations based on values rather than profit maximisation. In looking at new models it is important to retain that value base whilst developing more progressive structures. The overall objective must be to maximise the long-term welfare of current and future tenants. This is very difficult to measure, but it is not identical to shareholder value.

A range of associations has been developed with very strong accountability to tenants or other members of the community built into their formal structures.

Co-operatives are the most obvious example. The report of the independent Commission for Co-operative and Mutual Housing, *Bringing Democracy Home*,³ highlighted that there had been successful housing co-operatives operating over a long period of time and that their performance outcomes showed their benefits. Co-ops have however failed so far to emerge as a mainstream organisation option in this country (in contrast to

experience in northern Europe where housing co-operatives have developed on a significantly larger scale).

There are, however, many examples of non-co-operative associations with strong community accountability mechanisms, such as Poplar HARCA, which combine significant tenant board representation with a wide range of initiatives to build resident participation into their business model. The most developed model based on community involvement is the Community Gateway Association, pioneered in Preston and now also used by three other housing associations in England.

These examples are however very much the exception. As long ago as 2000 a Chartered Institute of Housing report⁴ argued that housing association governance structures as they existed then were out dated and proposed the development of tenant and employee trusts. Yet to date, despite growing interest in mutualisation across other public services, beyond the examples identified above, no major housing association has yet adopted a mutual structure or sought to develop other innovative, community-focused forms of governance.

To date, no major housing association has yet adopted a mutual structure or community-focused governance.

If associations are to become more independent from government – as the large-scale reduction in capital grant funding implies – then having a robust governance model will be important. The development of new mutual models may be one way forward.

What is needed are models that retain and uphold the associations' value-based approach and allow the board and executive to manage – but where they are clearly accountable to communities for what they do, and where those communities

have a genuine stake in the organisations that work with and for them.

One model that seeks to do this is the employee/tenant trust model currently being developed by Rochdale Boroughwide Housing, an arms-length management company which is responsible for managing homes on behalf of Rochdale Council.

However, there is not necessarily a single model that is suitable for a wide variety of associations. All associations need competent boards and proper means of accountability. But ownership structures may vary – the needs of an organisation run predominantly by its tenants and serving a local community differ from a broader model of mutualism which would suit larger and more diverse associations.

There are effective models of associations holding stock on behalf of, and where appropriate providing services on demand, to a range of community scale co-operatives, providing benefits of scale whilst devolving most significant decisions to a community level. An example of how this might work in practice may be provided by Redditch Co-operative Homes and the Walsall-based WATMOS.

For larger organisations, covering multiple localities, and with a sizeable employee base, models such as the employee/tenant trust, community gateway and mutual umbrellas may prove problematic to implement. However, models which more closely resemble models of mass housing mutuals in existence in northern Europe, may provide an alternative model, combining modernised governance with a mass social shareholder base.

Critically, all these models offer both practical and symbolic solutions that would enable the establishment of large-scale community-owned housing and development organisations, able to both effectively manage their assets and deliver services, but with a strong connection to the community and a new status as a vehicle for community action to address housing need.

Setting associations free

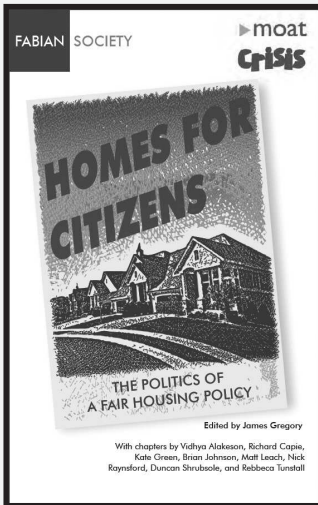
In the context of a Government committed to encouraging local solutions and ceding authority and responsibility to community, there must be questions about the sustainability of a social housing investment and regulatory regime which involves national agreements for the number of homes which each housing association will develop, rigidly defined funding arrangements, and continuing regulatory scrutiny and control over the use of their assets. These questions become particularly pressing if the current reduction in capital grant funding is sustained or extended.

A strong case is emerging for a more radical approach, which recognises that – where housing associations have adopted models which place community accountability at their heart, effectively creating a new class of community ‘shareholder interest’ – they should then be set free from remaining restrictions on the management of their assets. This would enable them to be genuinely creative and innovative in managing their businesses.

If housing associations are to move beyond their current relationship with government, they need to be able to demonstrate that their policies are genuinely based on the needs of the communities and individuals whom they are there to serve. Independence must be on the basis of new approaches founded on strong community connection and accountability.

Footnotes

- 1 Blond, Wylter (2010), *To Buy, To Bid, To Build* (ResPublica/NESTA)
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Discussion Guide: Homes for Citizens

How to use this Discussion Guide

The guide can be used in various ways by Fabian Local Societies, local political party meetings and trade union branches, student societies, NGOs and other groups.

- You might hold a discussion among local members or invite a guest speaker – for example, an MP, academic or local practitioner to lead a group discussion.
- Some different key themes are suggested. You might choose to spend 15 – 20 minutes on each area, or decide to focus the whole discussion on one of the issues for a more detailed discussion.

A discussion could address some or all of the following questions:

1. How can housing allocation be made fairer?

- Is it fair that people on high incomes should be allowed to stay in social housing when there are people in greater need?
- Should housing be allocated on the basis of need alone?

2. How can housing work better?

- What role should shared-ownership play in a fair and efficient housing framework?
- Should it be the business of government to help people ‘get on the housing ladder’?

3. How do we give citizens what they want?

- How can we best meet ‘aspiration’ as well as ‘need’ in the private and social rental sectors?

Please let us know what you think

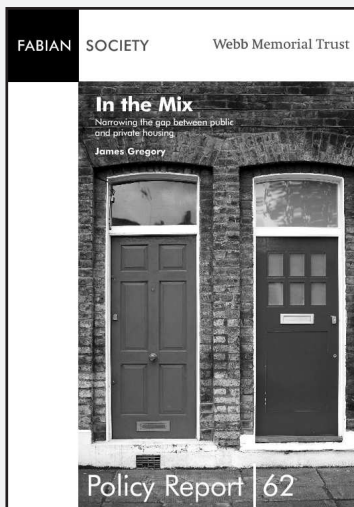
Whatever view you take of the issues, we would very much like to hear about your discussion. Please send us a summary of your debate (perhaps 300 words) to debate@fabians.org.uk.

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In the Mix

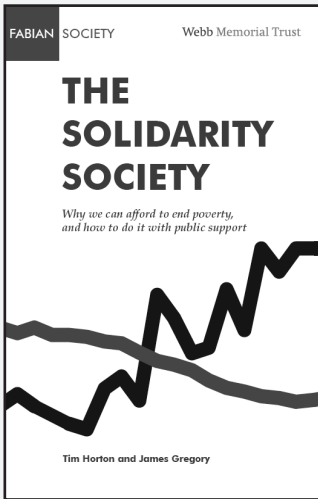
Narrowing the
gap between
public and
private housing

James Gregory

Housing policy across the last century has been nothing short of disastrous for many people. Despite the great ambitions of successive Labour Governments, housing still fails too many social groups.

This Fabian Policy Report shows a strong association between public housing, worklessness and poverty, but the system also fails first time buyers, people living in cities and even middle class home owners.

We need to get housing policy right for the recession years and for the longer term. With detailed policy proposals, *In the Mix: Narrowing the gap between public and private housing* shows how we can make a fundamental shift in the way we think about housing by mixing public and private.



The Solidarity Society

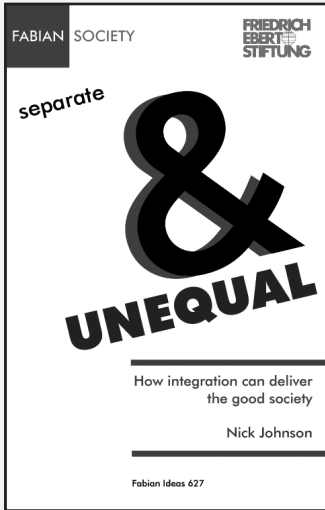
Why we can afford to end poverty, and how to do it with public support.

Tim Horton and James Gregory

This report sets out a strategy for how to reduce, eliminate and prevent poverty in Britain.

'The Solidarity Society' is the final report of a project to commemorate the centenary of Beatrice Webb's 1909 Minority Report of the Royal Commission on the Poor Law. It addresses how the values and insights of the Minority Report can animate and inspire a radical contemporary vision to fight and prevent poverty in modern Britain.

The report makes immediate proposals to help build momentum for deeper change. It also seeks to learn lessons from the successes and failures of post-war welfare history, as well as from international evidence on poverty prevention.



Separate and Unequal

How integration can deliver the good society

Nick Johnson

Britain is separate because it is unequal, and it is unequal because it is separate.

The gap between rich and poor, having exploded during the 1980s, is still growing, despite measures to address poverty in the 13 years of Labour Government. At the same time, we face growing fragmentation in our communities.

In this Fabian Ideas pamphlet, Nick Johnson argues that the politics of integration and equality have become fractured and that we can make the clearest case for both by showing what integration really means.

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Homes for Citizens

The politics of a fair housing policy

In this Fabian Ideas pamphlet, Vidhya Alakeson, Richard Capie, Kate Green, Brian Johnson, Matt Leach, Nick Raynsford, Duncan Shrubsole, and Rebecca Tunstall focus on the crisis in British housing policy.

Housing can be a source of great anxiety and concern. With over a quarter of us losing sleep worrying about our housing costs, social housing in scarce supply, private rents in many areas continuing to rise, and the inevitability of an interest rate hike for owners, there is very little reason to think that this situation is set to get any better.

However, there is a real and surprising barrier for anyone trying to solve Britain's housing problems – despite this widespread anxiety there is very little sense of housing as a political problem that a social or campaign movement could coalesce around.

In 'Homes for Citizens' the authors show we need a more nuanced understanding of how policy reform in one housing 'sector' can have political repercussions in others. Editor James Gregory presents a coherent account of how the Labour Party and progressive politics can give us the housing we deserve.

A Fabian Ideas pamphlet

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