

Homes For People Not For Profit

Housing Talk to Tamar Valley Branch LP, Lesley Carty, 1st May 2018

HISTORY

Clement Attlee's 1945 Labour Government began a massive programme of council house building. Council housing was not designed as a safety net for the most desperate, but as decent, affordable, secure housing for all. "*The living tapestry of a mixed community*" as Aneurin Bevan described it in 1949, where "*the doctor, the grocer, the butcher and the farm labourer all lived in the same street*".

Later governments continued the policy of council house building and by 1979 there were over six million council homes in Britain – 31,000 in Cornwall.

Four main changes have taken place since:

- Loss of council housing
- Deregulation of the private rented sector
- Marketisation of housing associations
- Government incentives for purchasers

HOUSING MARKET AND HOUSING CRISIS

The private housing market isn't working. Sky-rocketing rents and prices, poor quality housing, and high numbers of second homes and holiday lets, are the outcome of a model which treats housing as an asset to speculate on.

Our council estates were once mixed, stable communities housing a wide range of people from all walks of life. **Over ten thousand council homes have been sold off in Cornwall since the right-to-buy was introduced in 1979; and not replaced.**



Instead of providing secure, affordable homes for all, for decades we have been pouring taxpayers' money into subsidising developers and lenders – creating so-called 'affordable housing' (defined as 80% of market rent, or £250,000 to buy) that ordinary working families simply can't afford. **Of the £44 billion set aside for housing over five years, 80% is going as handouts to developers and lenders; with only one-fifth for so-called 'affordable housing'.**

It's bad for all those of us in housing need, who can't find a secure home we can afford. It's bad for communities, because rationing has meant that council homes can only be given to the most vulnerable. And it's bad for taxpayers – **last year we spent £9.3 billion in housing benefit for private landlords (£2.3 billion of it on substandard accommodation), on top of £5-£6 billion a year in tax breaks.**

Cornwall suffers from a huge and growing affordability gap between housing costs and income, with average house prices now twelve times average earnings. **In Calstock, the average house price is £179,492 (9 times earnings); and in Gunnislake, the average house price is £210,223 (10 times earnings) – based on an average wage in Cornwall of £20,234 a year.** Subsidising home-ownership may help a few, but pushes prices up, decreasing affordability for the majority.

In Cornwall it costs £3,900 per year more to rent a home in the private rented sector than to rent a council house.

9,000 households approached the council for help in just one year – and the vast majority of these had to be turned away, with just 2,175 lettings made last year. Cornwall has the third highest number of rough sleepers in the country.

We need a different approach. It's time we returned to building houses for living in, not for profit; homes for the many, not investment opportunities for the few.

PUBLIC-PRIVATE PARTNERSHIPS

The Labour government 1997-2010 did not return to investing in council housing or end the commitment to an unregulated market. They prioritised an approach based on public-private partnerships. Trying to use the planning system to force developers to contribute 'affordable' housing on private developments (known as 'section 106') doesn't work – the rules keep changing to allow developers to wriggle out of making any commitment.

The main type of public/private organisation promoted by the Labour government to provide housing was housing associations - non-profit-making, but not in the public sector. Housing associations' early history is of a spontaneous, voluntary response to slums, homelessness and poverty, arising at different times since the early 19th century - at their best they were small, local and respectful of the value of the people they sought to help.

Legislative changes since the 1980s – such as the introduction of mandatory grounds for eviction, and the use of private finance – have pushed associations towards a more market-driven culture and ever-larger groupings.

Housing associations in Cornwall are no longer building homes for 'social rent'; and are granting less and less lifetime tenancies - two-thirds of their new tenancies are given for only a fixed-term of five to seven years.

TIME FOR DIRECT INVESTMENT IN COUNCIL HOUSING

During the period of the Labour government, government offered billions of pounds to do up council homes (which had suffered years of under-investment) – but with strings attached. Many council tenants refused attempts to privatise our homes by transfer to housing associations; PFI schemes or transferring the management to Arms-Length Management Organisations (ALMOs). A huge grassroots tenant-led campaign united around demands for the money to be spent on direct investment in council housing.

The Tory government tried to force all councils and housing associations to only give fixed-term tenancies; as well as introduce means-testing and forced sell-offs of 'high-value' homes. So far, despite the passing of the Housing and Planning Act 2016, this has been resisted.

Sources

Information about average house prices and wages from comparison websites www.rightmove.co.uk and www.payscale.com downloaded 1st May 2018

Information about rents and housing benefit from <https://www.theguardian.com/society/2016/aug/20/private-landlords-9bn-housing-benefit-taxpayers-national-housing-federation-report> and Cornwall Council, *Housing Facts and Figures* <https://www.cornwall.gov.uk/media/22946214/housingfactsandfigures.pdf>

Information about housing need from Cornwall Council, *Housing Facts and Figures*

Information about subsidies from *UK Housing Review*, Chartered Institute of Housing, 2017

Information about numbers of 'social' homes built from <http://blog.shelter.org.uk/2014/12/does-affordable-rent-really-mean-the-end-of-social-housing/> and <https://redbrickblog.wordpress.com/2017/10/07/nobodys-perfect/>

Cornwall figures on fixed-term tenancies and 'social' homes built from Department of Communities and Local Government:

<https://core.communities.gov.uk/DataCollection/logs/reports-local-authority.html>

See also Cornwall Council, *FOI Response 101001636638*, 2014