

# Defend Council Housing

Briefing ● August 2010

## STOP CUTS – INVEST IN COUNCIL HOUSING

As the Coalition government decides whether to go ahead with the reform of Council Housing finance proposed by the last government, their privatisation options are stalling. The proposed reforms have been criticised by many councils for continuing underfunding and increasing the total debt costs.

Most councils welcome an increase in funding and will accept the strings attached if they can see a viable financial future for their housing stock. But an underfunded deal will lead to pressure to cut back on repairs and improvements, sell off land and buildings, force up rents or privatise housing.

At the same time big cuts in Housing Benefit threaten council tenants as well as tenants of private landlords. And more cuts to national and council spending are looming.

Some new council house building is underway – it is not yet clear how cuts in housing budgets by the new government will hit the 4,000 new council homes promised for England this year. Scottish councils have plans to build 10,000 new council homes.

Tenants will need to organise big campaigns to defend decent, affordable, secure and accountable council housing and oppose means testing and cuts in benefits. We need to organise locally to voice the anger of tenants, and put pressure on councillors and MPs to reject these attacks.

If a fraction of the cost of housing benefit was invested into building new council housing it would create a new generation of first class, secure and affordable housing and start meeting the desperate and growing housing need ex-

ploited by high rents. Our broad united campaign of tenants, trade unions, councillors and MPs needs to mobilise to resist these attacks, and link with anti-cuts coalitions locally and nationally. We need to ensure tenants and the fight for council housing are part of that resistance.

Housing Minister Grant Shapps was asked in parliament if “new tenants – people in housing need coming off the housing waiting list... will enjoy the security enjoyed by existing tenants”. He replied that Government policy “may include looking at tenure for the future.”

[Official Report, 10 June 2010; Vol. 511, c. 451.]

### TENANTS DEMAND: STOP THE CUTS – INVEST IN COUNCIL HOUSING

3 October: 12 noon  
Lobby of Conservative party  
conference Birmingham

18 October, 7pm, House of  
Commons  
Stop the Cuts – Invest in  
Council Housing  
with Ken Livingstone, Simon  
Hughes MP, Councillor Phil  
Waker, tenants, trade unions  
all welcome

20 October  
Defend Public Services protest  
outside parliament

Organise local meetings: lobby  
councillors and MPs against  
cuts and for council housing

## The fight for council housing continues



Since the threat of the first Housing Action Trusts (HAT) in 1980s tenants have fought attempts to privatise, break up or sell off council housing. The campaign for the Fourth Option, as an alternative to government's three privatisation options, won wide support. The demand for action forced government to launch the Review of council housing finance, and won a partial moratorium on further privatisation. Councils continue to push

partial privatisation, estate transfers, demolition and sell offs and without enough funding this pressure to privatise council housing will continue.

Tenants will keep up the fight to defend our secure tenancies, low rents and an accountable landlord. Councillors and MPs must be left in no doubt – we expect them to defend the principles on which council housing was founded and the rights to secure, affordable homes for us and future generations.

With private and housing association new house building collapsing as grants are cut, the MPs Report 'Time to Invest' shows council housing remains the most secure, efficient, and best value way of building new homes for the 4.5 million people now on waiting lists, and the growing numbers who need a home.

Get tenants and community organisations, trade unions, councillors and MP to support the Manifesto for Council Housing (see back page).

# Self-financing reforms – threat and promise

In return for a one-off funding settlement with government, councils would draw up a 30-year business plan, receiving no routine subsidy or payments from government.

The current proposals would mean:

- an increase in funds available for management (5%) and maintenance (27%) of council housing
  - government will no longer siphon off rents or receipts
  - councils must take on an increased total level of debt repayments, above the current total of 'historic' debt
- DCH responded to the consultation pointing out:
- the increase in funding proposed is inadequate: evidence from the Government's Review of Council Housing says the increase should be at least 10% and 54%
  - capital funding for the £7 billion backlog of improvement works must be part of the funding settlement
  - self financing increases risks – we need

guarantees to protect low rents, secure tenancies and employment rights

The consultation says 'key assumptions about rents, discount rates and timing of implementation will be subject to confirmation at the next Spending review' (2.2 p15). Any postponement will necessitate a determined campaign to force Government to deliver on the Review promises, and stop the Treasury robbing rents and receipts.

The proposals do not deliver on the promise of a sustainable finance for council housing.

Together council tenants are a powerful national force. Self-financing would further fragment a national council housing sector and undermine national organisation of tenants and the workforce, making it easier to bully and blackmail tenants and staff, and harder to resist market rents and attacks on 'secure' tenancies. Councils would be encouraged to drive down costs by undermining

employment rights, pay and conditions.

Tenants are suspicious that self-financing, with its emphasis on 'localism', fits neatly into a wider agenda such as this. A reformed national system would be much safer - an uplift of 5% and 27% in allowances, though not enough, would make a big difference, and we would be able to fight on for more.

A reformed national system is our preferred option.



**House of Commons Council Housing group report: 'Council Housing: Time to invest' £10 (or £5 for orders of more than 10 copies). Send orders to: DCH, PO Box 33519, London E2 9WW**

## Privatisation moratorium

The partial moratorium on stock transfers continues. No further whole stock transfers in England will get government funding, aside from the eight approved last December by the former Housing Minister. Housing PFI is also being reconsidered, after a damning report on how costs have escalated (see [http://www.nao.org.uk/publications/1011/pfi\\_in\\_housing.aspx](http://www.nao.org.uk/publications/1011/pfi_in_housing.aspx)). There will be no further rounds of ALMOs.

Some existing ALMOs are pushing through whole stock transfer, exploiting the 'arms-length' status to drive two-stage privatisation. Others councils are considering shutting down their ALMOs and bringing housing back into the council: Ealing, Hillingdon and Slough are already doing so. Councils with ALMOs are more exposed to the risk of privatisation. The recent announcement that all Foundation Trusts are to leave the public sector shows the danger. DCH has warned of parallels between arms-length management companies in housing and Foundation Trusts in the NHS.

## Get your MP to sign this early day motion

EDM 343 PROVISION OF PUBLIC HOUSING FOR RENT, 29.06.2010, Mitchell, Austin

That this House believes that investment in existing and new council housing is an urgent priority to avert a growing housing crisis, leading to a failing housing market and growing housing waiting lists; notes that council housing is cheaper to build, manage and maintain than any alternatives and provides affordable housing for those who cannot afford to buy as well as essential security, lower rents and an accountable landlord; points out that the underfunding acknowledged in the last Government's council housing finance review, the backlog of capital works and the need to improve energy efficiency all require increased funding in any Housing Revenue Account Reform settlement, to allow every council to deliver and maintain the decent homes and estates people need; and further notes that the best way of combating recession and providing jobs is a big building programme of public housing for rent of the type which is most desperately needed now, and that the only way to allow for greater mobility of council and social housing tenants to enable them to move to where the jobs are is not to reduce the security of tenure to which tenants have a right, but to increase the stock of public housing so that it can not only cope with the increased demand but also allow for more mobility of tenants.

**Mitchell, Austin  
Corbyn, Jeremy  
Jones, Graham  
Hopkins, Kelvin  
McDonnell, John  
Durkan, Mark  
Russell, Bob  
Ritchie, Margaret**

**Illsley, Eric  
McDonnell, Alasdair  
Meale, Alan  
Caton, Martin  
Dobbin, Jim  
Hancock, Mike  
Clark, Katy  
Rotheram, Steve**

**Jackson, Glenda  
Hemming, John  
Blenkinsop, Tom  
Francis, Hywel  
Evans, Chris  
Llwyd, Eifyn  
McCrea, Dr William  
Shuker, Gavin**

**Campbell, Ronnie  
Gapes, Mike  
Stringer, Graham  
Singh, Marsha  
Crausby, David  
Hamilton, David  
Sharma, Virendra  
Crockart, Mike**

# Outrage at cuts in Housing Benefits

Punitive cuts in Housing Benefit (HB) announced in the June Budget will hit all tenants, with pensioners and the low paid bearing the brunt. An Open Letter from tenants (see below) calls on the Coalition Government to withdraw the proposed cuts and increase the supply of council and other secure affordable rented homes.

The poorest tenants are being forced to pay for the housing crisis. High rents and the lack of secure affordable homes caused this problem – not tenants.

The first cuts are aimed at tenants in the private sector. But savage cuts will also hit council and RSL tenants of working age who are unemployed, or have a spare bedroom.

They will force tenants into debt, poverty, evictions and homelessness.

- Government propose to reduce housing benefit by 10% for job seekers who have been out of work for more than 12 months. Unemployed people will have to make up the shortfall from the £65 they get on Job Seekers Allowance.

- Benefit payments will be cut for one million private tenants. Almost half those on LHA are already £100 a month short of what they need to pay the rent. Two major cuts proposed could tip many families over the edge.

- The National Housing Federation warns the cuts proposed from April 2011 would lead to 750,000 evictions in London and the South East – the highest increase in homelessness for 30 years.

- From next April LHA will be capped at lower levels. London Councils say tenants with two or more bedrooms in seven London boroughs would be unable to afford their rent when new caps are introduced.

The cap would limit Local Housing Allowance (LHA) payments at lower than current local housing allowance rates for homes of two or more bedrooms in inner London. Private landlords in high-demand areas will not reduce rents: the low paid, pensioners, the ill and unemployed will be driven out.

- From October 2011 LHA will be capped at 30 per cent of average rent in an area, instead of the present 50 per cent.

- Housing benefit/LHA will in future lag behind rents so that, by about 2020, there could be no rents cheap enough to be paid for by the benefit, according to the Chartered Institute of Housing. HB/LHA will in future be linked to the Consumer Price Index, and not the Retail Price Index – which includes housing costs and is 1.7% higher.

- And in a further attack on council and RSL tenants, landlords will be given powers to cut housing benefit to tenants of working age who are judged to be in a home larger than they need. Work and Pensions secretary Iain Duncan Smith has referred to ‘tons of elderly people’ who should be encouraged to move out of their homes.

“I’m extremely concerned it will create additional poverty for people who are already on very low incomes... If after a year of not working they suddenly find their benefits cut, and the amount of rent they pay isn’t totally covered because the eligible levels have been reduced, then that potentially poses very real problems”

**Clive Betts MP, Chair, Communities and Local Government Select Committee**

“There are huge numbers living in private rented accommodation who simply can’t afford any other system. If you put in this [housing benefit] cap in this way – in a very draconian way – instantly it will have a damaging effect on many households in London.” **Mayor of London Boris Johnson, BBC Politics Show**

The majority of those claiming housing benefit are pensioners and the low paid; around 12 per cent were unemployed. Decisions by Governments over the last 30 years to stop funding ‘bricks and mortar’ council house building, and instead use HB to subsidise high rents in ‘the free market’, has created this crisis. Controls over high rents, and a mass programme of first class council house building would create the secure affordable homes for rent needed by millions on waiting lists and paying exorbitant rents.

Tenants are outraged at these proposals to attack housing benefit. We are organising with trade unions, councillors and MPs, and will demand the proposals are suspended, with tenants and councillors are involved in a genuine review of rents and benefits; and that councillors join with tenants to stop these attacks.

## Sign this open letter against HB cuts

### Open Letter to Nick Clegg and David Cameron

#### Hands Off tenants – withdraw Housing Benefit proposals

Cuts in housing benefit set out in the Budget will make the poorest pay for the housing crisis. Unaffordable housing costs are the problem not the level of housing benefit. We call on the Coalition Government to withdraw these proposals and increase the supply of council and other secure affordable rented homes.

Punitive cuts in housing benefit set out in the June ‘emergency’ Budget will hit council, housing association and other private sector tenants, de-stabilise settled communities and enforce social exclusion, creating no-go areas for tenants across Britain. The National Housing Federation warn of thousands facing eviction, and homelessness could rise by over 200,000.

Government plans to reduce housing benefit by 10% for job seekers who have been out of work for more than 12 months means that from April 2013 unemployed people will have to make up the shortfall from their £65 Job Seekers Allowance. People should not be forced to leave their homes and communities. In a period of rising unemployment with growing housing waiting lists, overcrowding and homelessness where are the jobs or homes to move to?

Government also warned it will seek to reduce housing benefits to council and other tenants of working age who are thought to be over-housed. Work & Pensions Secretary, Iain Duncan Smith has spoken of ‘tons of elderly people’ who should be encouraged to move out of their family homes.

Average Housing Benefit is under £84 a week. Local Housing Allowance already fails to cover the housing costs of over half of all claimants who have to make up an average of £100 a month. Even housing association and council rents are in danger of becoming unaffordable for those in low paid work. High housing costs, too high for people in work, are why housing benefit is needed.

The shortage of suitable affordable homes, and policies designed to keep housing costs high, are to blame for high housing benefit bills. We call on this Government to:

- withdraw these proposals and consult with tenants about housing benefit reform
- boost public house building programmes
- increase protection to all tenants through rent regulation and secure tenancies.

#### Signed by:

- **John Rolfe chair Camden Federation of Tenants and Residents**

#### Associations

- **Q Bradley, on behalf of Leeds Tenants Federation**
- **Blackpool Tenants Federation**

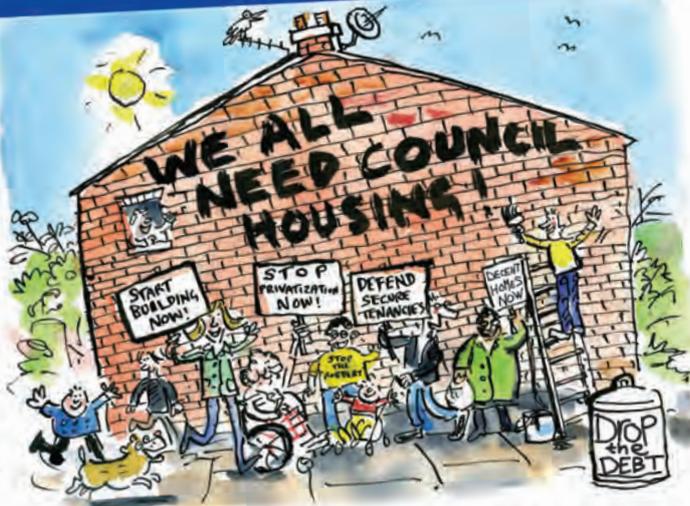
To add your name and your organisation contact Camden Tenants Federation 020 7383 or [office@camdenfed.org](mailto:office@camdenfed.org)

# Defend Council Housing

March 2010

## A MANIFESTO FOR COUNCIL HOUSING

- Protect secure tenancies and low rents
- Stop the robbery – reinvest all rents and receipts into council housing
- Funding at level of need so every council can deliver and maintain decent homes and estates
- Fund the backlog of capital works
- Resources to increase the energy efficiency of all council housing



- Protect working conditions including pensions, in any self-financing settlement
- Use directly-employed building workers and apprentices – no cowboy contractors
- A mass programme of new council housing for all who want and need it, making first class council housing a tenure of choice
- A moratorium on further stock transfer, sell-offs or PFI



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Demand support for this Manifesto from any politician who wants your vote (see over)

Name	Organisation/Position	Address	Phone/Email

Return to Defend Council Housing, PO Box 33519, London E2 9WW Phone: 020 7987 9989  
 E-mail: [info@defendcouncilhousing.org.uk](mailto:info@defendcouncilhousing.org.uk) Website: [www.defendcouncilhousing.org.uk](http://www.defendcouncilhousing.org.uk)