

Defend Council Housing

Tenants, trade unions, councillors and MPs say:

'FOURTH OPTION' for COUNCIL HOUSING



Draft 2008 Conference Policy Statement

The current economic crisis and the failure of an increasingly neo liberal housing policy reinforces the case for investment in first class council (public) housing.

There is continuing opposition from tenants, trade unions, councillors and MPs to the government's ongoing attempts to privatise council housing and growing demands for a 'Fourth Option' settlement to modernise and secure the future of council housing for future generations.

There is also growing support for a massive programme of investment to build a new generation of first class council homes to provide an alternative to the failed private market.

Our broad alliance has shown how to fight privatisation, putting council housing back at the top of the political agenda and confounding those who predicted the 'end of council housing' back in 2000!

Privatisation is deeply unpopular and 'bad value'. It is a democratic disgrace that government and some

councils continue to bully and blackmail tenants to trade our secure tenancies, lower rents and a landlord we can hold to account in exchange for new kitchens and bathrooms. It's time Ministers produced the code of practice they promised during the debate on the Housing & Regeneration Bill and required councils to conduct a fair and balanced debate, keep to a published timescale for balloting tenants and stop intimidating those who oppose their proposals.

We welcome the Review of Council Housing Finance with the commitment "to ensure that we have a sustainable, long term system for financing council housing" and "consider evidence about the need to spend on management, maintenance and repairs" and the promise government would "work with local authorities to ensure stock is of a decent standard".

However the timescales are too long and the commitments need to be made more concrete. If government is

1. STOP PRIVATISATION

End the robbery from tenants rents and capital receipts and provide a 'level playing field' on gap funding and debt write-off.

Introduce an immediate moratorium on expensive stock options appraisals and further stock transfers, PFI, ALMOs and asset stripping council land or property until the outcome of the Review of Council Housing Finance is known, to give tenants real choice.

2. IMPROVE EXISTING

Ensure that all local authorities have the resources necessary to improve and modernise existing council homes and estates and maintain their homes as first class council housing for years to come

Provide gap funding to those authorities who need additional resources to meet the Decent Homes standard. Ring-fence the national HRA and fully fund allowances to local authorities for the management, maintenance and repair of council housing at an objective and independently assessed level of need.

3. START BUILDING NEW

Enable local authorities to start a large-scale council house building programme to provide the 'secure' tenancies, low rents and an accountable landlord that people need as an alternative to the private housing market by massively increasing the budget for Social Housing Grant.

4. DEFEND SECURE TENANCIES AND MAKE COUNCIL HOUSING A TENURE OF CHOICE

Oppose means testing or time-limiting council 'secure' tenancies and the stigmatisation of council housing as housing of 'last resort'.

Re-establish council housing as a mainstream tenure of choice and use increased supply of first class council homes to encourage local authorities to open up their allocation policies once again to return council estates to the mixed and sustainable communities they used to be.

Defend Council Housing



Briefing MPs for debate on Housing & Regeneration Bill

Brighton tenants demand direct investment

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sincere then Ministers should immediately agree:

1. A moratorium on any further stock transfers, PFI or ALMOs, sale of council land or property until the outcome of the review is known so as to give tenants a real choice.
2. An increase in M&M and MRA allowances to councils in the 2009/10 subsidy determination. It is a scandal that the robbery from tenants rents has been increased

FULLY FUNDING ALLOWANCES WITHIN A NATIONAL HRA

The proposal that government should fully fund allowances within the framework underpinning the national council housing sector provides the resources we need without any risk to tenants or councils. It would include:

- fully funded allowances based on an objective assessment of 'level of need'
- a level playing field on gap funding and debt write-off to meet the Decent Homes Standard
- a national ring-fence to ensure that the none of the money from rents and receipts is siphoned off by the Treasury
- stability and forward planning based on a known funding formula which leaves macro-economic risks with government not councils
- increased local accountability allowing local authorities in consultation with tenants discretion about how to spend increased resources, within a strictly ring-fenced local HRA to protect tenants' interests.

nearly 8% per home (£926 to £995), in the draft determination published on Oct 29.

3. 'Gap funding' for those authorities who need additional resources to modernise their homes and meet the Decent Homes standard.

We also welcome the decision that local authorities will at last be able to apply for Social Housing Grant "to build new council homes to allocate to tenants on the basis of the same system of affordable rents and secure tenancies which apply to existing council homes"(Caroline Flint). However the announcement remains token unless and until the budget is increased substantially.

The government's target of 3 million new homes by 2020 is in tatters: builders, landowners, developers and lenders are all closing up – or, in some cases, closing down. But the crisis has put government in the driving seat: it has the opportunity and every reason to set the terms for a massive council house building programme that provides real public benefits.

The so-called Third Sector is not a credible alternative. It has taken billions in public subsidies over the last twenty years but failed to deliver. RSL rents are considerably higher than council rents, they offer less security and they are totally unaccountable.

RSLs are increasingly multi billion pound regional or national companies. Their dependence on the private market has meant that their business model is coming apart at the seams, More are expected to merge/get taken over, and some are now expected to fail.

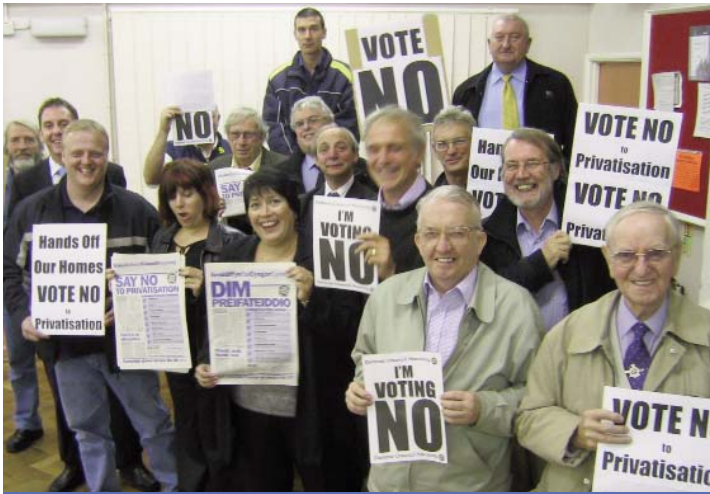
Government's argument used to be that for every pound of public subsidy RSLs could 'lever in' a pound of private investment. Today they are just demanding two pounds of public subsidy for a private sector asset!

Now that local authorities can apply for Social Housing Grant and retain rents and receipts from new build it makes economic as well as political sense to build new council housing to meet housing need.

There is no need to pay profits or fat cat salaries and access to lower borrowing costs means that council housing is cheaper to build, manage and maintain than the private alternatives. It is also a far less risky strategy than entering into partnerships with private companies (via new Local Housing Companies or old PFI).

Opponents of public housing like to allege that council housing, unlike other forms of tenure, is subsidised. The reality is that government has been disinvesting from council housing ('Robbery' from tenants rents and siphoning off capital receipts),

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Swansea tenants reject privatisation too



Leaving no doubt after giving evidence to MP's inquiry at Parliament

whilst subsidising RSLs through grants, and homeowners and buy-to-let landlords through tax breaks. Government's multi-billion pound bailout of the banks is the biggest ever public subsidy for private housing.

The robbery and disinvestment from council housing continues – the problem is not that some councils subsidise others but that the Treasury has been making a profit out of council housing by siphoning out £1.8 billion a year (2008/9) in rental income and billions of pounds from the proceeds from 'right to buy' and other capital receipts.

There is a growing consensus that tenants rents and housing capital receipts should be ring-fenced for council housing at national level and an ongoing debate about how these resources should be allocated.

Some councils (backed by the LGA and others) are arguing to break up the national Housing Revenue Account. But the proposal that each authority 'opts out' and takes responsibility for managing a 30 year business plan, based on retaining its own rents and receipts, carries real risks for tenants. The present economic downturn and rapidly changing interest rates and inflation is a stark warning of how easy it would be for 'opted out' councils to get into financial crisis. This could be through

inexperience, bad financial judgement or deliberately constructed as a crude excuse to justify privatisation.

Maintaining a national council housing sector by fully funding allowances within a national HRA avoids these risks. Introducing a strict ring-fence, along with a level playing field on gap funding and debt write-off, would support a new system of fully funded allowances to authorities based on an independent and objective assessment of 'level of need' and provide real transparency.

This option would stop the 'robbery', ensure that each authority received a level of allowances sufficient to manage, maintain and repair its homes and leaves responsibility for macro economics with government avoiding any risks of individual HRA's going bankrupt.

The 'fully funded allowances within a national HRA' formula would maintain the common interest amongst council tenants across the UK. This has been crucial in enabling tenants to effectively oppose privatisation, threats to our lifelong secure tenancies, market rents and other attacks.

Government also faces determined opposition to its attempts to stigmatise council housing as housing of 'last resort', introduce means tests or time-limits on council 'secure'

RE-ESTABLISHING COUNCIL HOUSING AS A TENURE OF CHOICE AVAILABLE TO ALL WHO WANT TO RENT

Council housing was conceived as first class housing designed and built to the highest standards to provide a mainstream alternative to the private market. Alongside the NHS, schools, pensions and other benefits it helped provide universal provision of quality essential public services available to all.

Means-testing rents, time-limited tenancies or changes to Housing Benefit rules that involve differential payments all stigmatise council housing, undermine mixed communities where a people from a wide range of circumstances live side by side and lead to those in greatest poverty being pushed into the worst housing.

The fact is that many can't afford or don't want the financial burden and insecurity of home ownership and positively choose to rent.

Politicians say they want to create mixed and sustainable communities. Today 'people queuing up to be council tenants are not all poverty stricken and with multiple other problems'. Council housing waiting lists stand at more than 1.6 million households from a wide range of backgrounds – almost half the applicants are not considered to be in 'priority need' (Roof magazine, Shelter, May/June 2007).

Building a new generation of first class council homes as a tenure of choice for anyone who wants it is the most effective way to meet housing need and re-create the mixed communities we all want to see.

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tenancies, hike up council rents; and to its obsession with 'helping' people into home ownership. This includes resistance to any changes to housing benefit rules which would bring market forces into council housing, punish the poorest and most vulnerable, and could drive council tenants out of high-value areas.

We are firmly committed to defending the principle that council housing should be provided as first class housing available to all who want an alternative to ownership and that our secure tenancies and low rent should be maintained on the current principle of 'universal provision' that operates in the NHS, our schools and other public services.

Of course if people want to buy they should have that choice. But public money and public land should be prioritised for building first class public housing.

Increasing supply would allow local authorities to open up allocation policies once again to people from all backgrounds and circumstances. Re-establishing council housing as a mainstream tenure of choice and offering tenancies to the wide social mix amongst the 1.7 million households on council waiting lists would return council estates to the mixed communities they used to be.

There is no evidence to support the often quoted assertion that mixed communities are dependent on 'mixed tenure' development. In fact many estates suffer from the transient population caused by a high turnover amongst private tenants and first time buyers in ex-right-to-buy homes.

These are all issues that unite the council housing family – whether authorities are directly managing their homes or via ALMOs. It's important that we build bridges to bring tenants,

trade unionists and councillors together from every authority to secure a financial settlement and organise together to defend our secure tenancies and low rents.

The reality is that the private market is not going to deliver the secure, well built and designed and environmentally friendly homes needed at a price that working people can afford. Nor can the private sector ever be made accountable. Large numbers of un-sellable rabbit hutches built for a 'buy to let' market that was promoted as a guaranteed investment is a direct consequence of that lack of accountability; so too are the increasing numbers of private tenants and marginal home owners facing repossession.

The economic crisis was partly triggered by government's obsession with privatisation and deregulation, including disinvesting from and stigmatising council housing to push people into reliance on private housing solutions.

Millions now face insecurity and financial hardship. It's a melting pot that the Nazi BNP and others are seeking to exploit by trying to make scapegoats of the usual Nazi targets of immigrants, Muslims and others. This is an additional reason why we have to provide a collective strategy for winning investment in council housing as a broad consensus political alternative to the Nazi politics of hate and division.

Independent tenants organisation on every estate/street, across each authority and at regional and national level is crucial. This must be based on a bottom-up movement where tenants meet regularly to discuss the big policy issues, elect their representatives and are able to hold them to account. Attempts by government, councils and others to

attempt to by-pass and undermine collective tenants organisations and replace it with tame and unaccountable structures are not acceptable and should be actively resisted.

Our alliance of tenants, trade unions, councillors and MPs, joined by numbers of housing professionals and academics, is a powerful force for change. Together we are determined to win a 'Fourth Option' settlement for existing council tenants and a new generation of first class council housing that continues to provide secure tenancies, low rents and a landlord tenants can hold to account as an alternative to the insecurity and lack of affordability offered by the private market.

3 November 2008

Try the DCH 'HRA Ready Reckoner' online

See how much your authority would receive if government agreed to fully fund allowances for management, maintenance and repairs within the framework of a ring-fenced national Housing Revenue Account (HRA). Try the online application

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