

A "lower earning" council tenant's response to the DCLG "Pay to Stay" consultation.

**TO Department for Communities and Local Government (DCLG)**

**Date: 09.09.2012**

**Dear Sirs,**

**RE: FORMAL RESPONSE TO THE CLG CONSULTATION – PAY TO STAY.**

**This response sets out my considered arguments against the Pay to Stay proposals – all council and social rents ought to be based on the costs of service provision.**

**THE CONTEXT OF THIS RESPONSE:**

**I have been an Islington council tenant for 24 years; I am 46 years of age and earn approximately half of the proposal's lower-end target households (the stated target household incomes being upwards of £60k -£100k pa). I live alone and am unmarried, with no children or dependants. I receive no State benefit of any kind. I will not be personally affected by the outcome of the consultation and respond on purely ethical and moral grounds that are factually informed. I am motivated to respond out of a sense of social responsibility and civic duty. I am not and never have been a member of any political party.**

Before continuing I wish to express my profound disgust at the audacity and arrogance of DCLG to persist in the use of deceitful propaganda in the consultation documentation. I have written to the Prime Minister regarding the deliberate misinformation and false statements from both Mr Shapps as the then housing minister and the Department itself describing council tenants as living in subsidised housing. Mr Shapps attempts to categorise an "opportunity cost" as a subsidy. For someone of his privileged education, it is very difficult to perceive this as anything other than wilful dishonesty and arrogant misuse of power. I feel similarly about the response from DCLG (your ref: GS/72/023181/12). To address the ignorance of these people paid with tax payers' money – including mine, I offer the definition of subsidy from the Oxford English Dictionary (comparable to numerous dictionaries I have consulted on this matter). Unlike fairness, the definition subsidy is not a subjective matter.

**Definition of subsidy ( Oxford dictionary)**

noun (plural subsidies)

1 - a sum of money **granted** by the state or a public body to help an industry or business keep the price of a commodity or service low: a farm subsidy [mass noun]: the rail service now operates without subsidy

a sum of money **granted** to support an undertaking held to be in the public interest: she was

anxious about her Arts Council subsidy [mass noun]: the arts continued to thrive through public subsidy  
a grant or **contribution** of money: the position is generously rewarded and benefits include a mortgage subsidy the country's economy is near to collapse after the end of Soviet subsidies  
2 - historical a parliamentary grant to the sovereign for state needs.

## **ARGUMENTS AGAINST THE PROPOSALS ON THE BASIS OF THEM BEING DETRIMENTAL TO THE STATE:**

The cost involved of numerous staff to means-test every council tenant household to compile and securely update, under Freedom of Information laws, their 'personal and private information' would far outweigh any possible savings made and is an infringement of their 'human rights' of privacy.

If adopted, the policy would be highly likely to force those who can afford to do so to exercise their right to buy would be to further asset strip the national housing stock and capital receipts would be far lower than the prevailing market value – a net loss to the state. It would be illegal to PROFIT on the service provision to Right to Buy leaseholders / service charge paying freeholders as, unlike council tenants, they are protected under current legislation - the state and their respective communities would benefit more financially by them remaining as rent paying tenants. Ironically, many sold properties currently generating revenue for the state (local authority now under self financing) will end up as revenue generating assets for private landlords who reasonably in this context will take advantage of the reduction in available properties for GENUINELY social rent.

Existing tenants who are likely to compromise their security of tenure in cost-effective housing by taking a well-paid job are more likely to choose not to earn as much as they otherwise could and therefore pay less income tax as well – this would not benefit the individual, the community or the State. This would also be counter-productive to reducing the national deficit.

It would be highly duplicitous for a government which abolished the higher rate of tax (50%) for individual high earners to then penalise households with a combined household income considered to be high as proposed in the Pay to Stay consultation documentation.

## **ARGUMENTS AGAINST THE PROPOSALS ON THE BASIS OF THEM BEING DETRIMENTAL TO COMMUNITIES:**

The concept of council housing is fundamentally SOCIAL - not intended for profit. I would compare this to staff members in organisations who contribute to a social fund (for a social event in the festive season for example) but higher earners in the organisation who made their full contributions to the fund being excluded from participation in the event which they have funded to the same degree as other staff members. The idea is fundamentally discriminatory and indisputably unfair.

Higher earning individuals and families are not necessarily, but most likely, resourceful individuals who would be able to offer skills and knowledge to cooperative initiatives that could benefit the whole community. It would not be just the individuals and families affected by the proposals who would suffer detrimental loss but the housing communities would be transformed into undesirable concentrated ghettos of poverty and deprivation in which only the most desperate would “choose” to live.

### **ARGUMENTS AGAINST THE PROPOSALS ON THE BASIS OF THEM BEING DETRIMENTAL TO INDIVIDUALS:**

Higher earning tenants will already pay higher tax on their earnings - there is no justification in a social system to tax them twice (once on their higher earnings and once again on their rent).

A policy of penalising people for improving their financial standing is an unbridled attack on individual aspiration.

### **CLOSING ASSERTIONS:**

Finally, I reiterate my strong objection to the misleading information and statements in the Pay to Stay consultation documentation itself (<http://www.communities.gov.uk/publications/housing/paytostayconsultation>), describing council housing as subsidised when this is demonstrably not the case. Also, whilst I am FULLY AWARE that the system of council housing finance changed in April 2012 from the national (NEGATIVE SUBSIDY) pooled system to LOCAL FINANCING; I refer you to the House of Commons Council Housing Group report ([http://www.support4councilhousing.org.uk/report/resources/HOCCHG\\_report.pdf](http://www.support4councilhousing.org.uk/report/resources/HOCCHG_report.pdf)).

Particularly now, under SELF (local) FINANCING, FALSE assertions by Government or any of its departments that council housing is subsidised by the State, as repeatedly regurgitated in the consultation documentation and “supporting statistical data”, belies validity in any responses that may have been influenced by the misleading information provided by DCLG. Deceitful misrepresentation of the facts is not right, not honourable and as stated in my letter to the Prime Minister to which DCLG’s Sean Jones (job title unstated) of DCLG responded (your ref: GS/72/023181/12) undermines the integrity of the Government and I would also say officials who deliberately perpetuate propaganda that is misleading and detrimental to individuals, communities and the truth.

Mr Jones (DCLG) wrongly states “individual tenants are receiving an economic subsidy as a result of their not being charged the prevailing free market rent”. The post-war boom in council housing was financed by borrowing, typically on 60 year financing arrangements, which have been paid back COMPLETELY from the rent of council tenants – this is the reason council housing is (can be) genuinely affordable. The only Government

intervention in recent decades has been to sell the homes for which we tenants collectively paid and use the capital receipts to subsidise the exchequer. Individuals who purchase a property over a, let's say, 25 year mortgage do not then go on to pay a tax to the State based on the free market rents that would prevail had they not entirely paid off the mortgage in the first place! Moreover, I consider the deliberate refusal to recognise that the concept of "opportunity cost" is entirely different from and bears no relationship to "social (self-funding and not for profit) provision" to be an abuse of power and indeed **opportunism** of the absolute lowest order.

I unequivocally reject the Pay to Stay proposals and by way of copy, call on socially responsible individuals and organisations to do likewise.

I would appreciate a written acknowledgement of this considered response.

Yours faithfully,

**Thomas J. Cooper**

**Council Tenant, Islington**