Other Perspectives

1. From a Housing Association by Keith Brading

The Government's proposals relating to housing, embodied in the new Housing Bill, have naturally been much discussed in the organisations and agencies concerned with the provision of housing and housing management. I am glad to respond to the Editor's invitation to contribute a brief comment, based on my own experience, on how the proposals are regarded from the point of view of a housing association. These observations must be read as qualified in two respects. First, they are being written while the Bill is at a comparatively early stage of its progress through Parliament, and it is not unlikely that some of its provisions may be amended - particularly, perhaps, in the House of Lords. Secondly, although the housing association in which my experience is mainly based is, I believe, typical of many, the views expressed here may not necessarily be applicable to, or shared by, all others.

Impact on the Associations

In relation to housing associations the main purpose behind the legislation appears to be two-fold: (1) to increase the volume of rented housing that housing associations can produce for any given level of public expenditure, and (2) to create new incentives for associations to deliver their services in the most cost-effective manner.

We welcome these aims and would in principle support changes to advance them. We believe, however, that the legislation as at present formulated is likely to give rise to major problems which make it difficult to continue to help those people who are in greatest housing need. The causes for concern lie in three of the main provisions in the Bill which, taken together, could severely curtail our ability to carry out the association's objectives. The three provisions in question are those which, in effect: (a) abolish the "fair rent" provision applicable to housing association tenancies; (b) require housing associations to raise a substantial proportion of their funding from "private" sources, e.g. Banks, Building Societies and the new Housing Finance Corporation; and (c) remove from local authorities the power to allocate funds to housing associations towards the provision of rented housing within their boundaries.

The combined effect of these provisions will lead immediately to a substantial increase in rents - how steep an increase will depend to some extent upon the speed at which the new policies are implemented. It can also be expected to reduce the level of housing provision in the future for those who are homeless or who are on low incomes and are inadequately housed.

Increasing Need for Associations

Those involved in the direction and work of a housing association are well-aware of the need for efficiency and for making the most effective use of available funds. As one who has observed associations while in an official role and also, in more recent years, while working with them, I can testify to the overall high level of ability and commitment on the part of those employed in them and those who direct them. Of all the voluntary movements which have stemmed from earlier charitable, benevolent or self-help origins and which have at various times achieved prominence, I would place the voluntary housing movement as now the most socially significant and as having the greatest future potential. Certainly the problems associated with inadequate housing and homelessess are continuing to grow.

The number of households accepted as homeless in England since 1978 has almost doubled from 53,000 to 100,000 in 1986. The number of households in "bed and breakfast" accommodation has also increased in the same period by about 300 per cent. To those familiar with the problem the need for greater resources to eradicate the misery which these conditions cause is painfully obvious, especially in our inner cities where the greater part (about 70%) of the national investment in housing association work is in fact at present concentrated.

A number of factors add to the demands upon housing associations; for example, the gradual overall ageing of our population. Over 30% of housing association homes are now let to people above pensionable age and the need for rented sheltered accommodation is fast outstripping its provision. The development of housing adapted for a whole range of "special needs" is proving of inestimable social benefit to the community, as well as giving meaning to the lives of many who are disabled, suffering or disadvantaged. but the amount of accommodation of that kind is at present very small compared with the real, and growing, demand.

Our main efforts, almost inevitably, have to concentrate on the provision of homes for families who are - usually through unemployment or low wages - unable to find a home in any other way and need not only housing but often other forms of help.

Dangers: Possible Escalation of Rents -

I have mentioned these aspects of housing association work in order to stress the social contribution which the movement has made and the size of the problems which it still aims to help tackle. It will also be apparent that difficulties will lie ahead, both for associations and their tenants, if rents have to escalate to the extent which seems possible under the new legislation unless it is amended.

If, as has been contemplated, the level of government-provided funding is to be limited nationally to 50%, with the balance to be raised on the commercial market, it has been estimated that at that rate housing association rents in the North Kensington area (where my own association has the bulk of its properties) could rise by 300 per cent. Rents of this order are far beyond the means of the great majority of the people we house, unless there is to be a more generous and responsive system for the payment of Housing Benefit. (70% of our tenants receive income support through Housing Benefit).

- And Reduction of Funding

A matter of equal concern for a number of associations, especially those working in inner city conditions, is the proposals which withdraws all local authority funding of housing associations. In the current year the Housing Corporation is providing some £4 million worth of funding to associations in the Royal Borough of Kensington and Chelsea, whereas the Royal Borough is providing some £13 million worth of funding. It seems reasonable to expect the local authority to have a closer and more realistic view of the housing needs and priorities within its area than a central government agency. Not unnaturally, too, we fear that the removal of local authority funding will result in an overall reduction in our funding allocation. This would be especially serious for an association in an area where land and property costs are rising considerably above the national average.

Welcome - but Changes Needed

To introduce a radical new Bill on the subject of housing requires considerable boldness, and some boldness in its provisions is to be expected; and indeed much of the Bill can be generally welcomed. I have admittedly concentrated on some of the misgivings felt by housing associations. Representations have been made on behalf of the Movement advocating amendments which would help remove some of those misgivings, principally by (1) establishing and defining a "housing association tenancy" and (2) providing for a power to set rent limits on a basis which the Secretary of State considers to be affordable to the categories of people for whom the homes have been provided. By the time these comments are published we may know what degree of success these representations have had.

The voluntary housing movement is fortunate in having had the support of all political parties. It has greatly expanded since the 1974 Housing Act provided it with increased Government support and a more comprehensive role. It is experienced and uniquely qualified to provide a wide-ranging housing service which is both caring and efficient. Provided the distinctive role of housing associations is recognised in this important legislation the great contribution they can make to a successful housing policy will be assured.

The Author

Keith Brading is Chairman of Kensington Housing Trust, a major housing association operating in West London - and is also a member of two other housing associations. He was Chief Registrar of Friendly Societies until 1982 and continues to take an active interest in the various movements that he was then concerned with officially.

2. From the Scottish Special Housing Association by Derek Mason

A lot has been written and discussed over the last few months as details of the Government's proposals for housing reform have been emerging. Suspicion and scepticism, not unnaturally, surfaced first and this is usually the way of it. Those who are prepared to take new ideas on board, consider them objectively and try to make them work, usually take longer to declare themselves. This has now started to happen and outright opponents of the legislation will be deluding themselves if they think that they can continue to talk against change in the current political climate. Surely even they now accept that the "status quo" is not an option.

Recent Trends

However, before considering the future a look at the past is relevant. In the private sector, about one quarter of all the houses in Scotland are owner/occupied compared with about twice that in the rest of the United Kingdom. This figure, low as it is, has been greatly enhanced by the "Right to Buy" legislation which has seen more than 100,000 Council tenants buy their homes since 1980. The private rented (unfurnished) sector barely exists at all having been effectively destroyed by the application of rent restriction legislation since the end of the First World War. What should have been a reasonable return for Victorian investors in bricks and mortar inexorably became a millstone around their necks and the last twenty years have seen large scale demolition, especially in Glasgow, of stone-built tenements. Those that have, miraculously, survived have, in many cases, been saved by the voluntary efforts of community based and other housing associations.

Attracting resources of just £36m in 1979 the Housing Association movement has been a major success in the eighties and has seen its total resources increased to over £100m in each of the last six years. This year's figure of £125m reflects the Government's wish to protect the creation of good-quality rented housing aimed particularly at those with special needs or on low incomes.

Dominance of the Public Sector

With the private sector so diminished it follows that the public sector is correspondingly huge. The five New Towns contain about 45,000 houses, the Scottish Special Housing Association has 83,000 houses and local authorities own 843,000 houses. The stock in the first two groups is generally regarded as well managed and well maintained and rent levels are 20% to 25% higher, on average, than for local authority houses where rents, for political reasons, have been kept artificially low. Large subsidies, of an indiscriminate nature from both taxpayers and ratepayers have therefore been required over many years to balance the revenue account..

Most local authority houses have been constructed since the last war and over £3,000m has been borrowed for that purpose. With about the same again probably being spent on management and maintenance it seems incomprehensible that some local authority houses should be in such poor condition. That that is the case is beyond dispute and the Convention of Scottish Local Authorities a year or so ago mounted a high profile campaign to illustrate to the Government the appalling conditions in which so many people lived.

What they effectively succeeded in doing was to highlight the inadequacies of their own member organisations. COSLA's solution to the problem seems to be for Government to pour hundreds of millions of the taxpayers' pounds into a system which not only has clearly failed in the past but which, with a few exceptions, does not propose to change in the future.

The Government's Proposals -

To correct the serious problems within Scottish housing the Government propose legislation with two main thrusts: firstly to create choice of tenure in its widest sense and, secondly, to encourage as much private investment as possible into the broad housing market. To oversee these objectives a new agency called Scottish Homes will be created by merging the Scottish Special Housing Association and the Housing Corporation in Scotland. This new agency will be adequately funded by Government and will act as the catalyst for many of the new radical and innovative developments which will shortly emerge.

The S.S.H.A. of course, has been in the forefront of enlightened provision and management of public sector houses for the last fifty years and has a well-deserved reputation for efficiency and professionalism. It is entirely logical that the expertise and experience already available should be perpetuated within Scottish Homes and already preparations are well under way to develop the new initiatives required by the legislation.

- And the Consequences

For the housing industry as a whole the Government's proposals are good news indeed. They will create increased opportunities for designers, builders and managers. The proposals, entirely consistent with the Government's general privatisation policy, will create a financial climate where private funds will flow into the public sector. Already Costain Ventures and Quality Street have declared their intention of taking advantage of the new opportunities and, in Glasgow, the S.S.H.A. has acquired over 1,000 houses from the District Council with the intention of improving them, with the assistance of other appropriate partners, so as to diversify their tenure and attract private funds.

In addition, increased resources from the private sector, even on a pound for pound basis, will help to create employment, greatly accelerate the huge amount of work to be undertaken on Scotland's housing stock, increase the supply of good housing of the proper size, standard, tenure and location and, above all, will dramatically improve the terrible conditions in which some people now live.

With universal goodwill and co-operation, these important objectives will surely be achieved.

The Author

Derek Mason is a professional Quantity Surveyor, with considerable experience as a Councillor, including service as Deputy leader of the

Conservative Group on Glasgow District Council 1977-80. He has been a member of the S.S.H.A. Council since 1979 and its Chairman since 1981.

3. From the Housing Corporation by Sally Thomas

The Housing Corporation was established by Parliament to promote voluntary housing associations and Co-operatives in England, Wales and Scotland. It registers housing associations and Co-operatives, funds their work and has a monitoring and supervisory role to ensure that they achieve good standards of conduct and control.

Of the 2,600 associations registered with the Corporation, about 260 are Co-operatives. They receive approximately 5% of the total development programme annually.

The majority of the Co-operatives registered with the Corporation are par-value Co-operatives which develop permanent housing for rent to members. Most of the Co-operatives have rules giving them a fully-mutual status - that is, every member is tenant and every tenant a member, there is no right to buy and members have no equity in the property.

Most Co-operatives work in the inner-cities - London, Newcastle, Liverpool, Birmingham, Leicester and Manchester. Two out of every three Co-operatives are in London. Most are small (the average Co-operative has 38 members) and all are locally-based, responding to the housing needs of the local community.

Introduction of Private Finance

The proposals in the Housing Bill represent major changes for associations, Co-operatives and the Housing Corporation. We believe that Co-operatives will play a major part in the provision of social housing as a direct result of the proposals.

The first significant change which will affect Co-operatives is the introduction of private finance to provide homes. It is anticipated that private money will be used with public money to fund Co-operative schemes.

This will have implications for rent levels and we have to be sure that in using private finance the resulting rents can be afforded by the people Co-operatives house. We are at present looking at ways to ensure that small housing schemes, such as those provided by Co-operatives, can attract and use private investment.

Changes of Landlord

The second major area of change concerns the proposals to give local authority tenants the right to choose a new landlord and local authorities the right to initiate a transfer of ownership of their property to a different landlord. As a result of tenants and local authorities exercising these rights, we anticipate a high growth in Co-operative activity as tenants choose to form Co-operatives.

The Bill proposes that the Housing Corporation is the body responsible for approving alternative landlords and we are concerned that new landlords should offer tenants the degree of involvement in and control over their housing that they desire.

For some tenants this will be joining an existing housing association, for others it will be forming a new housing Co-operative so that they become both landlord and tenant, thus achieving maximum control over their housing. In between the two, tenants could join or set up a community-based housing association which offers a degree of involvement and control with a local base.

We recognise that if tenants are to have a real choice in terms of alternative landlords they will need information upon which to make a decision and the means to effect that decision. This will require financial resources and the establishment of new structures capable of facilitating and supporting tenant involvement in housing. We are presently considering the level of resources needed, where they would be best used and changes needed to ensure that the appropriate structures exist. This information is being fed to the Department of the Environment for consideration in the various committee stages of the Bill, to be enacted in August of this year.

The Author

Sally Thomas is Co-operatives Officer of the Housing Corporation.