

We need 100,000 council homes a year not “affordable homes”

Labour's Housing Green Paper, *Housing for the many*, has a fundamental flaw at its heart. It says that a Labour Government “will introduce a new duty (on councils) to deliver affordable homes”. Instead of abandoning the risible “affordable housing” label it proposes to redefine it with “a new affordability standard with three elements”. These are:

- **Social rented homes.** “Homes for social rent will form the core of Labour's affordable housing programme”.
- **Living rent homes.** These will have rents set at “no more than a third of average local incomes”.
- **Low cost home ownership homes.** These will include First-Buy homes where the mortgage will be no more than a third of average local income.

We have been told that £4 billion annual housing grant would be available under a Labour government. Asked at a recent meeting how it would be divided up between these “three elements”, John Healey said it is up to the councils to decide. What that means is that a council could carry out this duty *without building a single council home*. They could bid just for grant for low cost home ownership properties. What will Tory councils do given this freedom from having to build council homes? How can John Healey talk of “the largest council house building programme for 30 years” when it is left to the discretion of local authorities to decide whether they bid for grant to build any and *there is no commitment from Labour to build a specific number?*

Even those councils keen to build will have to compete with housing associations for grant in a bidding process. Housing associations are in a much stronger position because of their higher rents and the regular building programmes they have been carrying out. Under this bidding system, which was applied by New Labour for their National Affordable Homes Programme, the most council homes that were built in any one year was 3,080.

So far as 'living rent' is concerned it's not clear whether this would be in the framework of housing revenue accounts (HRA) or outside them. If in the HRA this would mean that council homes could have much higher rents than 'social rent'. In London the 'living rent' for a two bedroom property is said to be around £1,000 a month as compared to the average 'social rent' of £107 a week. Why is it proposed to waste grant on 'living rent' which could be spent on 'social rent' homes?

The Green Paper supports private Local Housing Companies which councils have set up. Some see them as a means of circumventing RTB, but for others they have a commercial purpose, to raise money for the General Fund. The Haringey Development Vehicle was one such company. Some Labour councils are using these vehicles to build homes for the private rental market rather than council housing.

If grant will be available for building council housing with 'social rent', then why would Labour councils want to maintain or set up private companies to compete with private builders/developers? The funding crisis of local authorities cannot be resolved by them entering the housing market. Labour should abandon support for LHCs and *make it a requirement for councils to build council homes in the framework of the HRA*.

The Green Paper is silent on the funding crisis of local HRAs which are losing hundreds of millions of pounds as a result of government policies since the 2012 'debt settlement'. This involved imposing £13 billion bogus extra debt on 136 councils. As a result of Tory policies such as the 4 year rent cut and increased discount for RTB sales, the shrinking resources of HRAs are forcing councils to cut back on necessary renewal of key housing components. Underfunding of HRAs was

one of the factors in the [Grenfell Tower Fire](#).

Why is the Shadow Housing Minister failing to challenge the Tories under-funding of council HRAs? Labour could hardly demand the Tories cut the bogus 'debt' without making a similar commitment themselves. Silence on this issue appears rooted in a refusal to commit Labour to cancelling the [fictitious debt](#) through which tenants are being fleeced. The Shadow Housing Minister has fought shy of this ever since we raised it with him in late 2016.

The Green Paper spends much time lauding housing associations. It fails to take account of the commercialisation of the sector. The National Housing Federation, the industry body, capitulated to the Tories in making the 'voluntary' agreement on extension of RTB. They happily agreed to the robbery of council RTB receipts on 'higher value' homes, to compensate them (HAs) for the difference between the RTB discount price and the market value. They are private business which are unaccountable to their tenants. Even when they have tenant reps on their Boards they are legally accountable to the business rather than to the tenants who elected them.

The housing crisis cannot be resolved without a council building programme of somewhere in the region of 100,000 council homes a year. This would require £8 billion a year grant to help fund them (£80,000 grant per property). We know that councils are not currently in a position to build on that scale. To be able to put together the human resources to plan and implement building programmes councils require an assurance of annual funding rather than having to compete in a bidding process.

In place of a duty to deliver "affordable homes" Labour should commit to *introducing a duty to build council housing* and provide the necessary grant for councils to begin again to build on a large scale. At a recent Labour Party conference in Leicester, at which I spoke, I asked the audience to raise their hands if they thought that Labour's first housing priority should be a large scale council house building programme. A forest of hands went up. Leicester Labour members and supporters are no different to those elsewhere. This sentiment needs to be mobilised. Labour needs to be told in the consultation that its primary housing priority should be a large scale council house building programme.

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You can read the Green paper at: labour.org.uk/issues/housing-for-the-many/

Responses should be emailed to socialhousingreview@labour.org.uk

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peaking at a Labour Party Housing conference in Leicester I asked people to raise their hands if they thought that Labour's first housing priority should be a large scale council house building programme. A forest of hands went up. Unfortunately I had to inform them that in Labour's *New*

Deal for Housing, the Party's "first housing priority" was declared to be helping young people onto the proverbial housing ladder; young people who earned up to £100,000 a year.

In Labour's Housing Green Paper, *Housing for the Many*, this commitment has thankfully disappeared; at least the words have. There are some welcome commitments, such as ending the Tories "affordable rent" and their proposed enforced sale of "higher value" council homes to fund the extension of RTB to housing associations. However, what movement has taken place is way short of Jeremy Corbyn's aspiration of building 100,000 council homes a year.

In a recent speech at the unveiling of the Green Paper Jeremy said that a majority of the homes built would be for 'social rent'. Yet there is nothing in the Paper to confirm that. Indeed, at a recent meeting John Healey was asked how the money would be divided between the three "elements". His answer was that it will be up to individual councils to decide. Essentially, councils will have to bid for 'social housing' grant from Homes England, in competition with housing associations. So

There is widespread support for ending RTB rather than just suspending it. Why leave open the possibility of it being reintroduced?

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