

Britain's general election: Labour plans to eliminate public housing

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Labour would step-up the ongoing privatisation of public housing if it is re-elected for a second term of office, according to the Institute of Public Policy Research (IPPR).

Under the plans, millions of local authority tenants and those in social housing would be coerced into accepting part ownership of their rented homes via "housing bonds". These will grant tenants ownership rights and responsibility for maintenance for part of their property. They will still have to pay rent on the remainder.

British public housing currently exists in two main forms; houses and flats rented from local councils or alternately from non-profit-making "social" landlords, predominately housing associations but also including numerous charities and trusts.

Approximately 2.1 million council properties have been sold to tenants over the last 20 years under Tory "right to buy" policies. The current phase of the privatisation of council homes consists of the mass transfer of whole housing estates, and increasingly the entire housing stock of a city, into the housing association sector.

Sunderland city council has just sold its entire public housing stock of 36,800 properties, valued at just £200 million. Last year, Labour presided over the mass sale of 160,000 homes, more than the Tories accomplished in their last 10 years of government. Under government proposals released in a housing "green paper" last year, Labour is proposing to sell 200,000 homes per year over the next decade to the private sector. If the sale of council properties to the private sector continues at present rates there will be none left by the year 2015.

Privatisation usually takes the form of creating local housing companies—an arrangement whereby public housing estates are sold to and funded through housing associations and managed by a tripartite body made up of the association, the council and tenants' representatives. Under present legislation, tenants have less security and fewer rights to take over a spouse's or parents' tenancy, if, for example, they die.

Unlike the local councils, the housing associations and other bodies taking over public housing stock are not subject to election. Unless a local council retains 100 percent "nomination rights", estates sold off effectively enter the private sector and the allocation of accommodation is not determined by any social need, but rather by free market motivations.

The new plans for part-ownership wrest control and investment away from both council and non-profit private landlords and hand this to the private housing market.

Commenting on the part-ownership scheme in the *Guardian* newspaper, Geoff Fimister, research officer at the Child Poverty Action Group, said the idea was "dubious" because it would burden low-income families with homes they could not afford to maintain.

Privatisation is a recipe for the further degeneration of already severely deprived areas and will add to the hardship of struggling tenants. Twenty years experience of local council "right to buy" privatisation provides ample evidence of the fate awaiting housing association properties, only the least desirable council houses and those deemed "hard to let" remain, with many falling into neglect.

Under the guise of "welfare reform", the IPPR—Blair's favoured think-tank—seeks to provide some ideological camouflage for the government's welfare retrenchment and public service privatisation. IPPR senior research fellow Sue Regan explained, "The extension of asset-based welfare is very likely. We want to look at how social housing tenants could have an equity share in their housing, and at how the various options might work." She added, "It is something that has a lot of interest within government".

Labour favours the introduction of "asset-based" welfare measures because it radically reduces the costs and responsibilities of central government by making entitlement to welfare provision dependent on the recipient fulfilling certain requirements. There is some evidence that in the latest scheme, housing benefit payments currently paid to the unemployed and those on low incomes may be made provisional on the householder accepting part-ownership.

The government claims that whereas universal welfare provision, with benefits paid as a right, has been responsible for eradicating "individual responsibility" and "self-help", its asset-based approach has the opposite effect. In reality, Labour's goal is to end the universal entitlement to housing benefit, as part of its "targeted" approach to welfare. Plans for privatisation mean those on low incomes currently receiving housing benefit will instead be made to build up financial and property assets to support themselves. According to the IPPR, the new scheme

will encourage the regeneration of deprived neighbourhoods by giving residents more of a “stake” in their communities.

Housing Associations are ostensibly non-profit-making organisations, but their rents tend to be anything up to 50 percent higher than those of equivalent local authority housing. Many public housing tenants, whether renting council or social properties, tend to have low incomes, and therefore are dependant upon housing benefit to help pay their rent. The mass sale of public housing, i.e. from councils to housing associations, means the housing benefit bill has rocketed because of the higher rents paid outside the local authorities.

Prime Minister Blair recently pledged that reform of housing benefit would be one of three priorities for a second Labour term. The government has twice attempted to reform housing benefit in this parliament, but on both occasions decided to postpone major changes in face of political opposition. Labour ministers want to end the current system, where 100 percent of the rent of the very poorest tenants' is paid via housing benefit.

The magnitude of Labour proposals cannot be overstated, and go beyond immediate benefit savings. They signal the end to any lingering trace of Labour's historical commitment to public housing.

Prior to the Second World War, most working class families lived in private rented accommodation. There was little security of tenancy and rents and building standards were subject to minimal regulation. The post-war Labour government elected in 1945 embarked on a major public housing drive, building some 100,000 new dwellings a year. This programme was continued and even accelerated under the Conservatives, with both parties competing to see who could build the most housing. By the 1970s, over one third of all housing in Britain was in the public sector. The attitude of both Labour and the Tories towards public housing provision after 1945 was part of a broader social reformist consensus, which saw the British ruling class agree on the need to provide and maintain certain essentials as the price for political and social stability. The National Health Service, the extension of state education, a system of unemployment and old age provision available to all as a right formed the essential elements of this consensus. With the development of a mass public housing sector, local authorities were legally obliged to house the homeless, especially the most vulnerable, such as expectant mothers, children, the sick and disabled, etc.

By the late 1970s, the British ruling class had abandoned its reformist policies and begun a full frontal assault on the social gains of the working class. Along with health, education and welfare, public housing provision became a key target. In 1980, the Conservative government of Prime Minister Thatcher enacted "right to buy" legislation, under which tenants could purchase their council homes greatly below market prices. The law also specifically prohibited local authorities from using any funds they raised through the “right to buy” scheme to finance new public housing. Floated as part of its policy of so-called

"popular capitalism", the legislation enabled some former tenants to make sizeable profits out of their newly acquired property, whilst reducing the stock of public housing catastrophically.

The Housing Act of 1988 took matters further by channelling funds to the housing associations. A year later, the Tories prohibited local authorities from subsidising council rents by effectively ring-fencing housing revenue accounts. By 1990, councils across the country had virtually stopped building new homes. While existing stock deteriorated, money for repairs was constantly squeezed.

Today, local authorities, including those under Labour control, are queuing up to sell whole estates and even their entire housing stock to the private sector. The two biggest local authority landlords in Britain, Glasgow and Birmingham (both Labour) head the list.

Most public housing is now used to provide homes for the poorer sections of the working class, asylum seekers and other vulnerable people. It is often concentrated in extremely run down areas, with few amenities, chronically poor public services and high rates of unemployment, especially among the youth.

At the same time, the denuding of public housing stock means there is already a severe shortage of affordable decent homes. There are currently 100,000 homeless families in Britain, and the need for affordable rented accommodation is growing daily—with demographic changes intensifying the demand for single occupancy housing. The property boom in London and the southeast means a severe shortage of reasonably priced housing. Grossly inflated housing prices in the capital mean many vital public service workers such as teachers and nurses, as well as young people, students and immigrants cannot afford to buy, and must struggle to even rent accommodation.

After the Second World War, Labour had spearheaded the clearance of substandard Victorian housing and restricting the power of notorious slum landlords such as Peter Rachman. For Blair and Co., public housing is regarded as unviable and a financial liability. Their housing policies mean that the provision of another yet basic human necessity is made entirely conditional upon the profit motive, encouraging the conditions for a new Rachmanism.



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