Housing legislation to escalate “social cleansing” of UK cities

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In last year’s budget statement, Prime Minister David Cameron’s Conservative government announced plans to impose market-level rents on council tenants deemed to be high earning.

Under the government proposals, subsidised rents for council tenants earning more than £30,000 outside London and £40,000 within London will be scrapped in April next year. The income figure applies to households, so a couple both in full-time work and earning just 60 pence more an hour than the minimum wage figure of £7.20, due to come into effect on April 1, would fall foul of the income limit and lose their rent subsidy.

Their options under the “pay to stay” legislation would be to pay the increased rent or move to cheaper accommodation, if that can be found in their locality. It is estimated that almost 60,000 households in England will be unable to afford the new rents on their dwellings when the measure becomes law.

The proposals are part of the Housing and Planning Bill, currently passing through Parliament.

A *Guardian* article last October highlighted the dilemma the legislation would have on a particular individual. It featured Gary, who lives in central London in a housing association flat. He told the *Guardian* that his income is just above the £40,000 London limit. The flat has been considerably modified to accommodate his disabled wife, who suffers from multiple sclerosis.

Gary said the proposed rent hike would mean the flat becoming unaffordable. Privately rented flats in his immediate area charge between £750 and £2,000 a week, making them beyond his reach. His only solution would be to cut his salary. He told Foster, “I have spoken to my employer who is ready to reduce my working week sufficiently to bring my salary under the £40,000 threshold. … This does not seem fair or logical …”

The Conservative-controlled Local Government Association (LGA) commissioned nationwide Estate agent Savills to assess how the rent rises might impact on tenants across the country.

An *Observer* article February 6 highlights some of the findings. It noted that “the report for the LGA by Savills … finds that far higher rents in the private sector, and soaring house prices in many parts of the south, meant that many council tenants who just exceed the income cut-offs will be left in a desperate position.”

It continued, “The report finds that 214,000 households will be hit by the policy and that in London most of the 27,000 households affected will be unable to afford to rent privately or buy in the same area.”

The research showed that about half of those classed as high earners in the south-east and east of England, along with those in London, would end up having to leave the area because they would not be able to afford market rents or be able to take advantage of the “right-to-buy” on the properties as the price would be too high.

The move to enforce higher rents is central to the government’s plan to socially cleanse the largest cities, particularly London. According to the most recent figures, tens of thousands of poor families have been forced to leave inner London in the past five years. A number of policies rolled out by the government and the previous Conservative-Liberal Democrat coalition, including the hated “Bedroom Tax”, are based on achieving this goal.

Housing associations are non-profit-making bodies providing social housing. According to research published in 2015, housing associations account for approximately 10 percent of the UK’s total housing stock—or almost 3 million homes.

The Resolution Foundation, a think tank that researches the impact of social policy changes on low to middle-income earners, showed that a two earner household in Oxford earning just at the £30,000 limit would stand to lose £4,000 in increased rent costs if the household took on just one more hour of paid work a week.

The foundation's Laura Gardiner told the *Observer*, "Enforcing near-market rents for council tenants earning over £30,000 risks creating strong disincentives to earn more. Families on the cusp of the £30,000 cliff edge could find that securing a pay rise or working a few extra hours leaves them thousands of pounds worse off as a result of higher housing costs. Introducing a taper would mitigate the worst effects, but it is questionable how it could be administered."

Housing charity Shelter, while agreeing with the principle of higher income earners paying more rent, raised some concerns. One was that the level of high income was too low, and that a higher figure such as the one used to judge eligibility for help to purchase a house, would be more appropriate. Shelter said benefits such as working tax credits and income from adult children living in the property should not be included.

The proposed high-income levels did not take into account inflation increasing wage and benefit levels, warned Shelter, and that more and more tenants would come under the scope of having a supposedly high income.

Shelter pointed out that under the designated high-income bracket, a couple working full-time and on the living wage of £7.85 an hour would have a joint income of £32,656 and so push them into "pay to stay" territory.

Originally "pay to stay" legislation was going to be applied to council and housing association tenants, but will now only be mandatory for council tenants. Housing associations may impose the extra charge if they wish.

The change in policy follows a ruling by the Office for National Statistics last October that reclassified £60 billion of debt held by housing associations as public debt. The government is anxious to reverse this position. To facilitate this, the government is keen to deregulate housing associations so that they would no longer be classed as public bodies. The decision not to make the "pay to stay" legislation mandatory on housing associations is part of this effort to deregulate them.

The move to deregulate housing associations will encourage them to act more like commercial bodies. A December 15 *Financial Times* article stated, "Ian Davis, housing and regeneration partner at the law firm Trowers & Hamlins, said the changes (deregulation) would likely spur on housing associations to develop unregulated arms to complement and help fund their traditional functions. An unexpected cut to social rents in the budget (November statement) has compounded financial pressure on housing associations, who build about 20 percent of new housing stock across the UK."

The social housing information web site *Inside Housing* published a piece February 8 that quotes Housing Minister Brandon Lewis stating his view that he would expect the majority of housing associations to impose "pay to stay" policies.