

Housing

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Michael Jones' recent article on housing policy ('The Tories: Bringing the House Down' *Marxism Today* May 1980) offered a major departure from the fossilised approach which much of the Left tends to offer to housing questions. As such it was extremely welcome, and there are few points of substance in his analysis with which I want to take issue. But there were points, I believe, where Jones did not fully develop the implications of his own argument, and as a result underestimated the extent of the reorientation in Left approaches to housing policy which is now required, and for which he was implicitly calling. This contribution is therefore less a critique, more an extension, of some points in the original article.

Jones notes in his opening paragraphs (p10) the major shift which has taken place in perceptions of housing problems: 'The focus of the debate is no longer the problem of supply, the absolute need for housing, the physical condition of the stock and the necessity of state intervention, but rather the problem of demand, the restrictions on access to council housing, its unsatisfactory character and the allegedly "natural" desire for individual ownership'. Later (p12) he

notes that this shift in focus is not some ideological trick to divert attention from the severity of outstanding housing problems, but has a material basis: 'Substantial concrete advances were made . . . in the post-war period, in each of the dimensions used to measure and define the housing problem in Britain during this time: eliminating the national housing shortage, clearing the slums, providing every household with the "standard amenities", reducing densities and improving the environment.'

What he does not emphasise, however, is the extent to which the 'problem of supply', defined in these terms, has been one of the Left's two central preoccupations in housing policy. The other has been the level of rents, and in this area too there has been a significant shift in focus. The general rise in living standards over the post-war period has substantially widened access to home ownership, the existence since 1972 of a national rent rebate scheme has offered poorer tenants some protection from high housing costs, and consequently the low-rent policies instinctively espoused by the Left now seem less self-evidently necessary or desirable. Instead, debates about housing finance have moved on to the economic and distributional effects of the huge state subsidies now needed to maintain 'cheap housing' in both public and private sectors.

The Left's preoccupations upstaged

In both these areas, then, the Left's traditional preoccupations have been upstaged by shifts in the focus of debate, reflecting in turn underlying physical and economic developments. But the Left's problem is not just a failure to keep abreast of current debates: it goes deeper. For the ability of council housing to solve the 'problem of supply', and to offer low rents to people who cannot afford higher ones, have been the two central components of the Left's justification for public housing. As the relevance of both these traditional but essentially negative justifications declines, it is not too much to claim that public housing now faces a major crisis of legitimacy. It is this which makes possible the current Tory onslaught, embracing enforced council house sales, the abandonment of mandatory minimum standards for council house building, and cuts in public expenditure on housing of a different order of magnitude from the cuts in other social expenditure programmes. Conversely, it is a prerequisite of a successful fightback against these attacks that the Left advances new, more positive justifications for a substantial public sector in housing.

But this is easier said than done. On the

one hand, the Left is rightly unwilling to accept that the public sector's role should be limited to catering only for those who cannot 'make the grade' as owner-occupiers — ie to what Jones (piO) calls 'residual welfare provision'. This is the policy of the Tories and, as he goes on to point out, of Labour's 1977 Green Paper. Yet on the other hand, no section of the Left overtly aspires to a system of universal public provision: owner-occupation is accepted in reality if not always in rhetoric. So the two most familiar forms of legitimation for public provision, the 'selectivist' argument which justifies social security and the 'universalist' justifications for state education or the NHS, are both ruled out in the case of public housing, leaving the Left to look for a justification somewhere *between* these two poles.

The role of the public sector

Michael Jones' response to this challenge is a call (pi7) to 'involve the Left in a conscious struggle to develop the concept of the public sector not only as a means of dealing with poor housing conditions, or of housing those who cannot afford to buy' — the two 'negative' justifications identified above — 'but as the supplier of rented housing to all who need or wish to rent'. This is the standard response of socialist housing professionals to the dilemma I have outlined, though it has yet to penetrate very far into popular debate. In outline, moreover, it is undoubtedly an attractive formula which, by adding those who *wish* to those who *need* to rent as the public sector's potential customers, can enable the Left to contest with the Tories the crucial ideological terrain of 'freedom of choice'.

Nevertheless, it is a response which begets some important questions. 'Renting' and 'owner-occupation' are shorthand descriptions of particular bundles of rights and obligations, costs and benefits, which are differently constituted in different societies, and in one society at different times. One cannot, therefore, speak of an intrinsic 'wish to rent': many more people will wish to do so on one set of terms than another. If public housing for those who 'wish to rent' is going to be different from public housing as 'residual welfare provision', therefore, it has to attract people able to buy their own homes — which means it has to *compete* with the social and financial attractions of home ownership. As a general approach this will probably command widespread support. Yet its implications are distinctly subversive of established socialist modes of thought about public housing, and even more so of the *practice* of too many of the socialist councillors who have run it. This can be

brought out by considering some of the areas in which council housing suffers from comparisons with owner-occupation.

The rights of owners and tenants

One such area is the occupier's control over his/her home. Owner-occupiers, mortgage deeds notwithstanding, can do more or less what they like with the home they live in. The Tenants' Charter embodied in the current Housing Bill, in contrast, although it is as Jones says (pi3) a 'major extension in popular and democratic rights', still leaves tenants' rights much more circumscribed than those of owners. Home improvements will be subject not only to the planning and building controls which regulate structural works by home-owners, but also to the landlord's consent (albeit a consent which may not be unreasonably withheld). The same will be true of decisions to take in lodgers. Despite security of tenure, it will still be possible for public landlords to evict their tenants for such offences as 'nuisance or annoyance to neighbours' or 'use of the dwelling for immoral purposes' — not just for failure to pay, the only ground on which a home-buyer can ever expect to be evicted. Tenants, unlike owners, will not have unlimited rights to pass on their home, as heritable property, to members of their family. And so on.

Secondly, nothing in the Charter will match one key advantage of home ownership — the sheer *choice* of dwelling size, type and location which it offers to most if not all owner-occupiers. Public tenants will still, in general, find themselves in a situation where their homes are not chosen but 'allocated', where they are not usually allowed to opt — even at their own expense — to have spare rooms above a bureaucratically-determined 'bedroom standard', and where they have to establish a case for being allowed to move from one local authority area to another — in short where, because housing is allocated according to need, one is only allowed to register 'needs', not 'mere' preferences or demands.

Every one of these restrictions on tenants' control and freedom of choice can, of course, be defended from a socialist point of view. There is a collective as well as an individual interest in the 'lettability' of the housing stock, which can justify controlling tenants' improvements. The right of an individual to annoy his neighbours cannot always take precedence over the interests of the wider community. Allocation according to need is, in principle, preferable to allocation by inheritance or purchasing power. But if the Left really believes in these principles, surely we should seek to apply them to the *whole* housing stock? Alternatively, if public

housing is to compete in a situation dominated by home ownership, it has to offer the individual freedoms of the latter, at whatever cost to collectivist principles. What is *not* viable is to attempt to treat public housing as *if* it were a universal collectivist service, when a great many people can choose to opt out into home ownership, leaving 'allocation according to need' to apply only to those who cannot afford to avoid it.

Housing finance

This 'socialism in one tenure' approach is at the heart of many of the Left's difficulties in housing policy. It has, for example, had disabling effects on our approach to the housing finance debates of recent years. I want to comment briefly on two aspects of this, relating respectively to the *current payments* made by occupiers and the *capital gains* they may or may not receive.

In terms of the current account, first, too many socialists have assumed (a) that low direct housing costs and high public subsidies are self-evidently desirable and (b) that this policy can be applied to the public sector in isolation. A characteristic stance is that taken by Labour's draft manifesto for next year's GLC election, which argues that rents should cover no more than management and maintenance costs, and this implies that the cost of *providing* council housing should be met by the whole community.

Within a system of universal public provision, there would be room for a rational debate about the balance between individual and collective payments for housing, the most obvious consideration being the distributional effects. But in the mixed housing economy we have, where home-buyers *do* pay provision costs on top of 'management and maintenance', in the shape of net mortgage interest payments, the stigmatising implication of a 'management and maintenance only' rent policy is that council housing is 'residual welfare provision' for poorer people. Conversely, if public housing is for all who 'wish to rent', not merely those who cannot afford home ownership, there is no obvious case for privileging it within the subsidy system. Jones is unduly if understandably coy about this issue. His comment that 'The Left needs to develop its ideas on ... in particular the use of rents as a means of holding down the cost of living and therefore of indirectly subsidising wages' (piT) seems to imply a critique of low-rent policies; but by linking the need for increased maintenance expenditure to cuts in Rate Support Grant, he seems to suggest that even repair costs should be met by ratepayers rather than tenants. Undoubtedly he is right, however, that 'the Left will need to debate the role of

public sector rents.'

But while home-owners paying off a mortgage would have good reason to look enviously on the current payments of council tenants paying only for management and maintenance, the boot is on the other foot if we consider the *capital* account. With house prices persistently rising more rapidly than prices generally, home-owners eventually make real capital gains which tenants are denied. About a half of all personal wealth is now held in the form of dwellings, so the divide between tenants and owners is becoming a crucial dimension of inequality in people's command over resources. It is surely vital for the Left's credibility as an egalitarian force that this disparity is tackled. The obvious approach is to bring owner-occupied housing within the net of capital taxation — at present it is explicitly exempt from capital gains tax and, for most people, effectively exempt from capital transfer tax, while a wealth tax is still awaited. But if this is regarded as unacceptable, either for straightforward electoral reasons or because it would conflict with the construction of an alliance of social forces favouring socialism, we should have the courage to tackle the problem from the other side, by offering *tenants* some form of personal stake in the rising value of *their* homes. It will not do to adopt a 'principled' opposition to personal gain in one tenure if we are not prepared to attack it in the other.

Two possibilities

The balance of the financial arguments does point clearly towards tackling the financial privileges of home ownership; equally clearly, there *are* genuine political risks in doing so. If the taxation of owner-occupiers' capital gains were included in a Left programme, what *quid pro quo* could be

offered? Two areas seem crucial.

First, the difficulties and frustrations faced by owner-occupiers in actually buying and selling homes are notorious. A local authority 'package deal', embracing estate agency, conveyancing, surveying and mortgage lending, proposed in Labour's 1974 Manifesto but taken no further, could be helpful here. Moreover, the proposal could be developed further. Barratts, the house-builders, now offer a 'part exchange' service to people buying a new house from them: the purchasers trade in their old home to Barratts, who then resell it. This initiative goes to the root of the difficulty with the whole house exchange process — that houses, unlike other second-hand goods, are bought and sold exclusively on a one-to-one basis, not through dealers. It could surely be taken up on a wider basis by a *public* agency.

The second area where owner-occupiers face major difficulties is in finding reliable builders for repair and improvement work, and organising the whole process of home improvement. Yet local authorities, through their Direct Labour* Organisations, could offer a range of services to owner-occupiers — one-off repairs, regular maintenance contracts, and an agency service to organise improvement work.

In both these areas, then, there is enormous potential for a popular public sector intervention which could, *if properly managed*, neutralise the adverse effects of moving against owners' capital gains and lead many people, through their own *experience*, to a more favourable view of the role of public enterprise. Yet these issues have hardly been discussed on the Left — 'socialism in one tenure' has confined the development of a socialist housing policy to the council sector while owner-occupation, despite housing

over half the population, has been virtually ignored as an arena for socialist intervention. In this sense housing is one among many areas where the Left, by failing to respond to changing circumstances, has effectively marginalised itself.

A long way to go

Michael Jones concludes his article by claiming (p!7) that: 'Many of the elements needed for the fightback against the Tory government and to establish a new Left strategy for advance in housing are already present.' But few of the groups he mentions, including the National Tenants Organisation, NUPE, Services to Community Action and Tenants, the former Community Development Project workers and the CSE Housing Workshop, are in fact raising the kind of issues which, I have argued, need to come to the top of the Left's housing agenda. To a great extent, moreover, the 'official' labour movement's perspectives on housing questions remain limited to the 'old' issues of housing shortage and low rents, and are in that sense deeply economic. Last year's Labour Party Conference debate, for example, in the teeth of the Tory onslaught on the very idea of public housing, was dominated by arguments about the supposedly crippling burden of debt borne by council tenants — arguments which are quite spurious, which mercifully found no place in Michael Jones' ankle, yet which invariably play a prominent part in discussions of housing on the Left.

There is, therefore, a long way to go, in housing as in so many other fields, in constructing a policy for the Left which will be seen as relevant to people's everyday experiences and concerns, yet which leads in a socialist direction. D