

The Left has got itself boxed into a corner on council housing.
The Tories have stolen the initiative. Now is the time for
some rethinking.

To Buy or Not To Buy

... is that the question?

David Griffiths and Chris Holmes

THE 1983 GENERAL ELECTION' exposed a deep disarray in the Left's approach to housing. The right for council tenants to buy their homes was a vote-winning policy for the Tories, self-confidently parading as the champions of home ownership. The Labour Party's opposition appeared defensive and curmudgeonly.

Yet by all traditional standards, the Thatcher government's housing record had been atrocious. The postwar period had seen substantial progress in tackling housing shortage and inadequacy, but in both respects this has ceased. Between 1979 and 1983 housebuilding (private and public; fell to its lowest peacetime level since the 1920s, leaving a widening gap between the number of households and the number of acceptable homes. The housing stock is also decaying faster than it is being improved: the Government's own 1981 House Condition Survey showed a 20% increase between 1976 and 1981 in homes in serious disrepair, to over a million.

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It is, of course, the public sector that has suffered most severely from a reduced supply of decent homes. Disproportionate cuts in building and improvement, as housing bore no less than three-quarters of all the net public spending cuts of the period, were paralleled by the sale of some half a million homes. So, for the first time in its effective 60-year history, council housing is contracting.

The inevitable result is lengthening queues. In 1982 over 160,000 households applied to local councils for accommodation because they were homeless or threatened with homelessness — less than half of whom were offered homes. Even

this figure leaves out the large number of single people and childless couples, unrecognised as statutory 'priority groups', who did not think it worth applying. Beyond these again are literally millions of people suffering a painful hidden homelessness — those compelled to share a home unwillingly, living in dwellings 'unfit for human habitation', or trapped in insecure and inadequate bed-sits, hostels, mobile homes, tied housing, squats and other forms of temporary shelter.

As housing opportunities deteriorated, moreover, outgoings rose. Once again the impact fell particularly on the public sector, where council rents rose more than twice as fast as prices generally, to take a record share of tenants' earnings. But home-buyers too now face the highest real interest rates, after allowing for inflation, for many years.

The Left's failing support

Why did this legacy not become a political liability for the Tories? With no credible response to traditional concerns with housing conditions and costs, how were they able to make council house sales the only housing issue that counted in electoral terms?

Some straightforward explanations can be advanced for the relegation of housing need and homelessness from a position of political priority. Postwar progress, though now halted, has meant that wretched housing conditions are heavily concentrated in inner urban areas — not the key electoral battlegrounds. And time lags in capital investment mean that cuts in housebuilding take several years to make an impact — unlike, for example, hospital ward closures.

More fundamental, however, is the erosion of public support for the Left's traditional remedies — above all, building more council dwellings. Thatcherism has been able to exploit a deep credibility crisis in public housing. Several factors are at

work in this.

The character of council housing has always been shaped and constrained by the private land and construction markets within which it is placed. The most vivid example is the system building boom of the 1960s. The high-rise and deck-access ('streets in the sky') systems were designed and promoted by the large private contractors, seeking to expand their market share by developing repetitive techniques which allowed the negotiation of large-contracts. Governments of both parties, seduced by the prospect of mass housing on the cheap in an era when housing targets still counted politically, actively urged the systems on local authorities. And the latter, beleaguered by the pressures from thousands of tenants in decaying terraces and tenements, hemmed in by political resistance to building council houses in the middle class suburbs, bribed by a subsidy system biased to high rise development, too uncritically accepted them. There was no room in this political economy for the choices and aspirations of tenants to register.

Labour's paternalism

But the culture of Labourism, as well as its capitalist environment, is an essential part of the story. The exclusion of tenants from decisions on the type of homes they were to live in was a characteristic failure. Labour's management of public housing has developed within a framework of centralised bureaucracy and a tradition of Victorian paternalism. Of course scarcity made it easier to exclude tenant choice and initiative. Since the demand for good homes at manageable rents has always exceeded supply, housing managers have been able to treat 'their' tenants as recipients of welfare hand-outs. Architects and planners could impose their choices without any consumer input. Since the managers and designers are mostly male and almost always white, the design,

allocation and management of too much public housing has been permeated by racism and sexism. It also took for granted the nuclear family unit from which these professionals typically came. Indeed the assumption that anything other than the two-parent married household is deviant, that relationships should be permanent, that young people should live with their parents — all these have met little political

call on state assistance, while council tenants are 'feather-bedded' by massive hand-outs. The truth is quite the reverse. As investments, houses have outperformed all other assets since the war, so their owners have benefited from unparalleled, and untaxed, capital gains. Yet mortgage interest payments (up to a £30,000 mortgage) can be deducted from income before it is taxed. Under the last Labour

building societies and local authorities channel personal savings into housing investment, and there is no reason to suppose that the housing component of the PSBR is economically damaging in a way that the much larger private 'housing sector borrowing requirement' is not. Nor can it be argued that, because it is subsidised, investment in public housing imposes a greater burden on the taxpayer. On the contrary, the imbalance in subsidy described above means that the cost to the community in lost tax revenue of a house built or sold in the private sector is now much greater than the long run cost of public homes to rent. While it is inconceivable, however, that the Chancellor would solemnly announce in parliament a halt to private sector building starts and the granting of new mortgages, because higher interest rates threatened to push up the cost of tax relief, this is precisely what has been done time and again to the public sector. The consequence is that the private sector can respond to demand while the supply of public housing remains arbitrarily limited by Treasury fiat.



Pride of Ownership evident in an ex-Council house

challenge from local Labour leaderships until very recently indeed.

The tyranny, then, has been that for tenants the council has always decided. Meanwhile home ownership has emerged as the majority form of tenure. On a whole range of issues — where to live, when to move, when to get a repair done — it has offered a degree of personal choice and control largely absent from the public sector. Of course the Left can argue that, like all 'Tory freedoms', those of home ownership are available only to those who can afford them; or that for socialists choice and control can take collective as well as individual forms. But these points won't really wash. More manual workers are now home-owners than council tenants, while Labourism hardly has a proud record in extending collective rights in the public sector, where tenants' self-organisation has more often been seen as a threat than an opportunity.

The subsidy of home-ownership

What is true, however, is that the attractions of home ownership have been strongly buttressed by financial advantages. In popular mythology home-owners are self-reliant, buying their homes without any

government, subsidies to council housing roughly equated to mortgage tax relief. But this still left home-owners with their appreciating capital asset, and with higher inflation housing tenure had become increasingly significant in the distribution of wealth. Under the Tories the inequality between owners and tenants has grown drastically. Mortgage tax relief for 1984/85 is estimated at £2,750 million, while the exemption of housing from capital gains tax is worth a further £2,500 million. On top of this are improvement grants and discounts to council house buyers. In contrast the Government predicts that total subsidies to council housing for 1984/85 will be less than £700 million.

The financial disadvantage of public rented housing is exacerbated by the inequitable treatment of mortgage lending for private ownership and housing investment by the public sector. The Treasury makes no attempt to regulate lending by building societies and banks to home-buyers but insists that borrowing by councils and housing associations must be rigidly controlled to protect the Public-Sector Borrowing Requirement.

The justifications for this bias against public investment are threadbare. Both

The Left's bias against home-ownership

The financial and other inequalities between tenures have existed under Labour as well as Tory governments, albeit with major differences of degree. Their persistence betrays major inconsistencies in Labour's, and the Left's, attitudes to each of the major tenures.

Take owner-occupation first, where Labour's position has been a curious blend of pragmatic support and ideological unease. Historically it has in fact been Labour governments which have introduced measures to assist home-buyers,

housing managers have been able to treat 'their' tenants as recipients of welfare hand-outs

including the option mortgage scheme (extending the benefit of tax relief to non-taxpayers), the expansion of local authority mortgage lending, and special savings schemes for first-time buyers. Labour has also sustained the tax privileges of home ownership. Objectively it is impossible to substantiate any claim that Labour has opposed owner-occupation.

But these pragmatic initiatives at governmental level have not been strongly rooted in the Labour Party, where much of the Left's rhetoric has implied that private ownership of housing, like private owner-

ship of industry, is unacceptable to socialists. Now it is true that people's access to housing has a profound influence on their life chances, which is why it is essential to intervene in an egalitarian way in the *distribution* of housing resources. But homes are, nonetheless, neither collective social facilities nor means of production conferring on their owners economic powers over others, and the classical socialist arguments for public *ownership* are therefore inappropriate. Instead houses are consumption goods, and of a very particular kind at that — ones with a deep personal significance. This is insensitively neglected on the Left when debates about housing are conducted in the language of 'public ownership' versus 'privatisation'.

One way of resolving the Left's ambivalence towards home ownership is to construct an approach to housing which, in effect, pretends that it doesn't exist. This banishes a number of difficult questions and makes the world a much simpler place for socialists. It absolves the Left of the responsibility for developing a realistic political strategy for tackling the financial privileges of home ownership — leaving the field free for housing finance specialists to devise intellectually elegant reform packages which Labour politicians predictably fail to adopt because of their perceived electoral costs. At the same time it leaves us without answers to the practical housing problems faced by the majority of the population. But home ownership no longer conforms to a leafy suburban idyll. It is a highly differentiated sector, and millions of working class owners face problems of disrepair and immobility which cry out for a popular response.

The other side of this coin is that, if home ownership doesn't exist, council housing can be thought of as a universal service like the NHS or state education — at least for the working class. So all those difficult issues of comparability between the experience of renting and owning, touched on earlier, can also be ignored. Public housing can be rationed, managerial priorities put before individual aspirations — and so a bogus universalism comes to underpin the paternalistic welfare model of public housing.

Tory perspective

Since the late 1970s the Tories have exploited these ambiguities in Labour's position with ruthless skill. They recognised that — in the actual conditions that exist — almost everyone with a choice will prefer to buy. Thus the right to buy for

council tenants, especially with large discounts from market value, would be a very popular electoral initiative.

The housing *policy* arguments against the Tory 'right to buy' are powerful. Only the better-off tenants are able to buy, even with the discounts. The homes sold are almost entirely the more attractive houses with gardens. The inevitable result is to worsen the prospects of people living in the less desirable council homes, or with no homes at all.

But the *politics* of the argument are very different. Tenants feel entitled to stay in the home they have occupied for years, and to benefit from the extra freedoms that in practice ownership brings. It seems fair that there should be some reduction in the price, when rent has been paid for years 'with nothing to show for it', while owners' house values appreciate. And they react with understandable anger if the Labour Party tells them that they can't or shouldn't — especially when the mouthpieces of that message are themselves middle-class homeowners!

Thus at one level the 'right to buy' was a potent ingredient in the Tories' anti-statist electoral platform. In 1979 and 1983 they succeeded in portraying the Conservative Party as champions of choice and rights, and Labour as bureaucratic bullies. Socialism had become identified with the inability to choose the style of your own front door.

But the aim was more than short-run electoral advantage. Housing policy was being used in pursuit of a wider political strategy. Cuts in public sector housebuild-

Can public rented housing... be made available on demand?

ing, enforced rent increases, the financial squeeze on repairs and modernisation, the right to buy itself — all these have aimed to promote home ownership as the preferred tenure for all, while downgrading council housing to a residual second class role. In the Conservative design, the public sector is to be a welfare provision for those on the margins of society — single parents, the old, the chronically sick — while home ownership is decisively established as the 'normal' tenure for 'normal' families. And this family-centred 'property-owning democracy' is seen in turn as an individualised, politically docile, Tory-voting nation. The Tories had noticed, perhaps before the Left, that tenure, not class, is now the single most reliable indicator of voting inclination.

The issue is not ownership

What should be Labour's strategic response to all this? To be adequate as a socialist housing policy, it must advance the interests of the ill-housed and strive to guarantee everyone a decent home of the type they want. But it must also respond to the widespread aspirations for greater personal choice and control. These twin requirements immediately rule out certain



Council refurbishment, London

options. Capitulation to the populism of Tory policies would clearly be a betrayal of all those who need or wish to rent. Nor is it clear that there would be any reward for such opportunism: if you support Tory policies, why not vote Tory? But a mirror image of Tory strategy, in which Labour denied aspirations to home ownership and pursued a single-minded objective that everyone should rent, is equally defective. As the starting point for an alternative it must instead be accepted, as was implied above, that whether people buy or rent their homes poses no issue of principle for socialists. The issue is not ownership as such — any more than it matters, to use a prosaic example, whether people buy or rent their televisions. Nor is renting, in any intrinsic sense, a 'working class' form of tenure. Within Britain there are strong regional traditions of working class home ownership, as there are of renting. The lack of clear correlation between class, tenure, economic prosperity and the political character of a society is even more marked internationally. For example, West Ger-

many and the USA have larger rented sectors than Britain; while Poland and Czechoslovakia have higher levels of owner-occupation. The strong association in Britain between tenure, status and politics is a distinctively Anglo-Saxon phenomenon, itself partly constructed by housing policy, and it should be the Left's political objective in housing policy to weaken these associations — not to strengthen them through a rhetoric which implies that home ownership and socialism are antithetical.

Changing needs

With both owning and renting accepted as legitimate, the opportunity for real choice between them is placed on the agenda. There are strong practical arguments in favour of wider choice in housing. People's needs change through time as their circumstances change. For many young

less divisive meaning. It seeks to disentangle housing tenures from their implications for social status, ideology and access to wealth, allowing us to regard them coolly as no more than ways of organising our housing, each with strengths and weaknesses and quite well able to coexist.

But we cannot transcend the present obsession with tenure by pretending that the issue is not there — by merely asserting rhetorically that, for example, owners and tenants have an equal right to a home, or should unite against the money-lenders. We can only move to a housing system less preoccupied with tenure by adopting definite strategies towards the two major tenures as they now exist. The Left needs to embrace the idea that owning is as acceptable as renting, and build a policy for the owner-occupied sector from this premise. This will give it the credibility to argue conversely, against Tory ideology, that

make this an undesirable solution. Thus rented housing must be a public sector responsibility, and it is this, not any abstract argument about ownership, which justifies a major public rented sector in housing.

The Left *is* still right to argue, then, that there must be a major programme of public investment in building, improving and

the public sector is to be a welfare provision for those on the margins of society

repairing rented housing, to put right shortages and the obsolescence of much of the present stock. And quality as well as quantity is crucial. By seeking to satisfy contemporary standards of space, insulation, heating, amenities and surrounding environment, plans for new homes to rent can avoid the self-defeating economies of earlier housing drives. This involves accepting that — for reasons already explained — there should be no more limits on the freedom of public authorities to build than there are on private builders.

But even homes of better quality will not be attractive unless they are run in a more responsive and democratic way — one which breaks with the traditional landlord/tenant relationship. This entails strengthening tenants' rights, giving support — including financial assistance — to tenants' organisations, developing responsibility for repairs to neighbourhood level, and improving the quality of the service offered. Co-operative self-management should also be encouraged where tenants themselves prefer this. The aim is to demonstrate in practice that public ownership of housing need not mean intrusive state control over how people live. Instead we need to show that access when needed to public resources such as repair and improvement services can *extend* freedom and choice.

The supply of public housing

Taking this further, can public rented housing itself be made available on demand to those who require it? Only this could match the experience of choice available to home-buyers; yet the instinctive reaction is to dismiss it as Utopian, giving the scarcity of desirable homes — especially houses with gardens — to rent.

The constraints on supply would be relaxed, however, if the housing applicant brought a house with them. Might not owner-occupiers wishing to re-enter renting, at a point in the life-cycle when this seemed appropriate, have a 'right to sell' to



Redevelopment demolition, Manchester: 'We used to live over there'

people, setting up home for the first time, furnished rented accommodation may make most sense (and the demise of the private landlord means this role must increasingly be taken on by the public sector). Nuclear family households in their middle years may prefer to take full responsibility for looking after the home they expect to occupy for quite some time. Single parents may take a different view, while many elderly owners will prefer to be relieved of increasingly onerous maintenance problems. Fresh choices should be possible at every stage of life.

As well as responding to housing needs, such a strategy begins to reclaim from the Tories the vital political language of freedom of choice, and to give it a fuller and

renting is as acceptable as owning, and to advance policies that offer a real right to rent as well as a right to buy.

The right to rent

There are many people who are only able to rent — and many more who would prefer to do so, were the odds not so stacked against it. To offer a real right to rent to both these groups is to insist that rented housing should be available in the quantity and quality, and on the financial and legal terms, which make it a genuine alternative to ownership. After 70 years of decline, the private rented sector is incapable of meeting this need, and there are in any case inescapable conflicts of interest in the private landlord/tenant relationship which

the local authority? Might not private tenants be able to require the council to buy their home from the landlord — thus triggering the transfer of privately rented housing into social ownership to which the Left has long aspired, but in a way controlled by the tenants themselves.

More radically still, might not ordinary housing applicants, identifying a home on the private market which they wished to rent, require the council to buy it for them? This is not the place to explore the practicalities of such a proposal (though sceptics should note that the Housing Corporation has already run a scheme on these lines for part-rent, part-buy occupiers, called 'do it yourself shared ownership' — why not 'do it yourself renting?'). It is put forward to emphasise a critical flaw in the reflex argument about scarcity. For it is almost always assumed on the Left that the public rented sector can only be extended by more building (plus the municipalisation of the private rented sector). The profile of the public housing stock is thus accepted as being set by what councils now own — 'our homes', as Labour councillors and activists so often call them.

This myopia stems from the preoccupation, already discussed, with the single sector of council housing, and the acceptance of a rigid boundary between the

Whether people buy or rent... poses no issue of principle for socialists

public and private sectors. In reality the whole of the nation's housing stock is 'our homes' — and it contains millions of houses with gardens. A great deal of the apparent scarcity is thus no more than a severe shortage of good homes in the existing public sector, while there are no real shortages for people who can get mortgages. But deeply embedded in all our thinking is a double standard that precludes renting on demand, with its attendant subsidies, but raises no eyebrow at buying on demand, with its attendant tax reliefs.

It is, of course, the same ghetto mentality about the existing public stock which has led the Left to the barricades on council house sales. But if a right to rent entails free movement of homes from private to public sector to meet demands, the other side of the coin could be a much more relaxed attitude to transfers in the opposite direction. The issue is not the ownership of

particular homes, but the maintenance of an adequate supply in both sectors.

The needs of owner-occupiers

But the right to buy can anyway be given a much broader meaning. The Left has barely begun to develop a popular approach to the owner-occupied sector — apparently leaving constructive thinking in this field to others, like the Abbey National. But there are many problem areas which invite public intervention.

The first problem is to enter the sector at all. Despite its long-run financial advantages, the initial costs of home ownership are considerable — the more so in inflationary times, when the real cost of a mortgage is loaded onto its early years. New forms of low-start mortgage, and a redistribution of subsidy towards first-time buyers, could both help here.

Professional restrictive practices also swell

There is, in fact, great scope for public sector initiative — whether by local authorities, workers' co-operatives or other public enterprise. House exchange is one field; repair and improvement another. Many owners, all too used to negotiating the jungle of the building industry, would welcome the availability from the council of reliable building services. As in the rented sector, the approach would be one which respected the choices of the individual householder but offered access to public reserves when and where these were needed. The particular problems of minorities within the sector could also be tackled. We have already emphasised the diversity of home ownership. Inner city leaseholders, often from ethnic minorities; mansion block residents, burdened by unfair service charges; mobile home owners — all of these need stronger legislative protection.



Inadequate, overcrowded accommodation, Manchester

the costs of entry — and make the business of moving house quite unnecessarily tortuous. Legislation is now promised to end the solicitors' monopoly on conveyancing, and some building societies have moved to cut out the waste of separate surveys for the buyer and lender.

But more radical approaches are needed — and it will be a sadly missed opportunity if the Left leaves the initiative with the Tories in an assault on professional closed shops. Why should houses, like cars, not come with log books (and users' manuals)? Could not local authorities tackle the problem of 'chains' of sales, noted in the peculiar one-to-one nature of house exchange, by acting as secondhand dealers?

Grasping the nettle

In constructing a strategy, however, the Left cannot simply add up the demands of every tenure group and expect a coherent result. The tenures cannot be taken in isolation and their demands aggregated: the relationships between them are also crucial. This is why a far-reaching reform of housing subsidies is essential: without it no other steps towards equality between owning and renting will survive the pull of the financial bias towards home ownership.

The Left has allowed itself to be duped into a paralysis of silence about the scale of this bias. The fear is that any demands for reform — beyond the most modest step of phasing out mortgage relief at the higher tax

rates — will be portrayed as an attack on home ownership as such. This is a doctrine of despair. If socialists are serious about an attack on inequality, they cannot condone the grotesque inequities that disfigure housing choice and push tenants into a deeply disadvantaged position. In theory the financial support for renting could be increased to match that for owning. But the cost would be huge — and there are many other calls on public expenditure. There must, therefore, be a redistribution of support away from the owner-occupied sector as a whole. Yes, there are electoral risks here: but they can be minimised in various ways. The practical strategies for the owner-occupied sector already outlined, moved alongside financial reform, should have much positive appeal for home-owners. The financial reforms should themselves be sensitive, redistributing resources *within* as well as from the owner-occupied sector — from rich to poor; from 'traders-up' to first-time buyers; and towards support for essential repairs rather than mere exchange and cosmetic improvement. They should be placed within a broader egalitarian strategy for social security and taxation, which redistributes financial support towards lower income groups, however they are

housed, at the same time as it seeks to detach income maintenance from tenure. And reforms should, of course, be carefully phased in over a period of years, to cushion any losers. But the strategic aim must be kept clearly in view: a system of housing assistance which is unbiased between the tenures but progressive in its impact on the distribution of income — the precise reverse of the qualities of the present system.

The challenge

Much of this strategy inescapably involves central government action. But no progress will be possible unless, starting now, we can change the terms of the debate. If, come the next election, the central housing issue is still whether council tenants should have the right to buy on current terms, the Left will have failed.

The challenge is to bring different questions to the centre of the political stage. Why are so many people without a proper home? Why are local authorities denied the freedom to meet their needs? Why can tenants not choose where they live? Why do the wealthier home-owners enjoy such great privileges? Do the Tories really have anything to offer to poorer owners?

As well as questions, we need answers.

In housing as in other areas, many traditional Left approaches are failing to convince. We need practical but imaginative proposals, and in this article we have tried to point in some of the right directions.

But, like Thatcherism, we need to root our ideas in people's experience. Thus the local councils that Labour controls need to commit themselves to a new approach. Using to the full the powers and resources they have. Demonstrating in action a commitment to the best possible quality of service. Supporting people's rights to the maximum say over their own homes. All this is fearsomely difficult within present legal and financial constraints, but it is the only way to show that we mean what we say.

Finally, many interests can be mobilised around elements of the approach outlined — council tenants, many home-owners, building and housing workers, local politicians. They need to be brought together in a campaigning alliance. We have argued that the Left has been trapped within an inadequate housing ideology, which has eroded its credibility. But there is a risk that this kind of analysis can become self-indulgent and paralysing. To win the Left needs also to act.

housing crisis ...

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