

HOUSING, EQUALITY AND CHOICE

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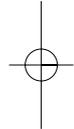
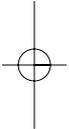


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Chris Holmes is a Visiting Research Fellow with IPPR and a member of the Youth Justice Board. He was formerly Director of Shelter.



Executive summary

Housing inequalities are now much greater than they were 50 years ago. There have been growing divides between people living in the more prosperous southern regions, and those living in the north, particularly in the old industrial and mining areas, and also between the homeowning majority and people who rent their homes.

Most home owners enjoy a higher quality of housing, are able to choose where they live, and have benefited from the rising value of housing assets. By contrast, although most tenants enjoy much better basic standards of housing than tenants did 60 years ago, they have very little choice over where they live and no housing assets at all.

Tenants living on estates of poor quality housing, especially in neighbourhoods of concentrated urban poverty, have fared worst and particularly the homeless families and vulnerable single people forced to live in temporary accommodation.

The growth in inequality has been caused by a succession of different policies: the replacement of older homes by high density flats; the imbalance of suburban growth, dominated by housing for sale; the resistance to building low-cost housing, so poorer people could move from overcrowded flats in inner cities; the regressive tax relief enjoyed by home owners; the loss of good quality homes through the right to buy; and inadequate public investment in affordable social rented housing.

The increase in the equity divide has been the single greatest cause of the growth in inequality. The value of the net equity of personally-owned housing in the index of real growth of assets has risen from 67 in 1970 to 329 in 2001, a fivefold increase.

In order to achieve greater equity, policy changes are needed which will create greater equality between home owners and tenants, and also make the housing market more stable.

The problems of failing housing markets in the north and shortages of homes in the south are now recognised as important political issues. The widely different character of both housing markets and employment patterns means that there can no longer be a 'one size fits all' solution. What is needed is an overall national policy for balancing people, homes and jobs, within which distinctive regional, sub-regional and local strategies can be developed.

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When the Labour Government established new Regional Development Agencies (RDAs), they were each given the remit of seeking to maximise the average income in their region. As a result, without any positive policy to target the more deprived areas, new jobs have continued to be created disproportionately in the high growth regions. The Government has now adopted a policy of reducing economic disparities between the regions and this has become one of the key Public Service Agreement targets. However, the RDAs are still tasked with maximising income growth. There is no policy of redistribution between the wealthier and poorer regions.

The Government's Communities Plan is a positive step towards recognising the twin problems of low housing demand and housing shortage. Its weakness is its failure to integrate the housing proposals within wider strategies for economic development. A key element in the Plan is the proposal for new 'growth areas', but it is uncertain whether some of these will actually reduce the housing shortage or simply increase inward migration and economic prosperity at the cost of the poorer regions.

Even with a change towards a redistributive regional policy, many more homes than are being built at present will be required in southern England than are being built currently. The failure to build sufficient homes has resulted in an acute shortage of affordable housing. According to recent research there are only ten local authority districts in southern England in which a household with an income of £25,000 a year can afford to buy a home even in the lowest quartile of house prices.

A programme of 250,000 well-designed homes in sustainable communities for each of the next ten years is what is needed. This may seem a huge number, but it is less than the 300,000 built when Harold Macmillan was Minister of Housing, and less still than the 350,000 built in 1968 when Harold Wilson was Prime Minister.

The most serious problems are in London, where building more homes is critical but more radical action is also needed. The Mayor's Draft London Plan (GLA 2001a) made an important step forward with its proposal that 50 per cent of all new homes must be affordable by people who cannot afford the market cost of housing. The plan for building new homes has been strengthened by the more recent recommendation that the target should be increased to 30,000 new homes a year to take account of the backlog of existing unmet need (GLA 2003a).

However, the London Plan is primarily a spatial strategy for new development. What is needed is a wider housing strategy.

There are currently 830,000 households in London renting from councils and housing associations, the great majority of them on low incomes. The 2001 *Household Survey* found that 35 per cent of residents would like to move if they could. This could be achieved by policies for acquiring as well as building more homes for rent in both outer London and the home counties, enabling tenants who want to move out of inner London, freeing up accommodation for public service staff and young working people (GLA 2001b).

One means of breaking the concentrations of poverty is enabling more poorer households to live in mixed tenure neighbourhoods. The experience of local authorities and housing associations acquiring properties in inner city neighbourhoods has shown that this can be very successful in providing a more attractive, tolerant and successful environment than the local council estate.

There should be three key goals for tackling the problems of concentrated urban poverty: reducing the proportion of low income households living in the most disadvantaged areas; reducing the percentage of council tenants living in the least popular flats; and enabling tenants to have a greater say as to where they live.

The form which social housing has taken in Britain was not inevitable, and it is not immutable. It would be possible for local authorities to change the make-up of the properties they own radically, and to change the geographical pattern of tenure, so as to increase the share of socially-rented housing in suburban areas, towns and villages.

In order to achieve the ambitious plans for reshaping the pattern of housing tenure across different districts, Regional Housing Executives should be established to oversee and spearhead the huge programme of purchases and sales which will be required.

Differences in choice have been one of the greatest causes of inequality. The experience of 'choice-based lettings schemes' has shown that they can be effective in enabling applicants to be offered a home where they want to live. They have also been successful in enabling black and ethnic minority households to secure a fairer share of housing.

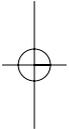
A still more radical initiative has been taken by Ridgehill Housing Association in Hertfordshire, with a 'choice to rent' policy which enabled a family who were at the top of the waiting list to go to an



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estate agent and choose where they would like to live. The Association then bought it for them.

Housing poverty is now the most extreme form of social inequality in Britain. However there are policy choices which will dramatically reduce the scale of inequality, as well as create more socially-mixed and sustainable communities, make housing markets work more successfully and increase housing choice.



Introduction

Over the past few years there has been a growing awareness that there is a deep crisis in affordable housing in many areas of southern England, as well as acute problems of urban decline and low housing demand in many northern cities. Yet the problems go much deeper. At the start of the 21st century housing provision in Britain is deeply polarised, with consequences which affect many areas of our society, from standards in schools to experiences of crime and the quality of the neighbourhoods where people live.

The aim of this report is to examine the growth of housing inequality and put forward policies to:

- create a better balance between homes and jobs in the different regions
- strengthen planning policies to ensure sufficient new homes are built to meet projected housing demand
- reduce inequalities in the distribution of housing wealth
- re-shape the pattern of housing tenure, so as to develop more socially mixed communities, and
- increase opportunities for choice, especially for poorer tenants.

Too little discussion of housing policy has been based on rigorous analysis of the structural causes of housing problems, the relative power of different interest groups and the distributional impact of policies. There has been a failure to understand the historical background, and an insularity which ignores the lessons that can be learned from the experience of other countries.

This report traces the complex web of changes which have shaped the development of housing over the last 60 years. Many of the most important were neither intended nor foreseen. With notable exceptions, they were not the result of housing policies, but of much wider trends in economic development, household formation and movement of population.

A critical weakness of many of the policies is that they have been local reactions to problems, which have not taken account of the wider structural causes. There have been a range of initiatives – locally-based

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housing management, regeneration projects, community lettings, transfers of housing stock and many more – which have promised change and raised expectations, only too often to disappoint because the fundamental problems still remain.

There is now a new issue which adds urgency to the need for tackling these problems. This is the conclusion from the Chancellor's five economic tests on entry into the euro that highlights the instability of the housing market, and the failure of housing supply to meet demand, as major problems with the UK economy.

A key aim of IPPR is to find new routes to social justice. This report looks at inequalities in housing as an important element of achieving this.

Most studies of inequality focus on disparities in income. However, as Amartya Sen, a winner of the Nobel Prize for Economics, has shown, this represents only one form of inequality. He argues that 'policy debates have been distorted by income poverty and income inequality, to the neglect of deprivation that relates to other variables, such as unemployment, ill health, lack of education and social exclusion' (Sen 2001). Housing can properly be included within such a broader examination.

The approach of this study is to examine the ways in which different aspects of housing are experienced and how they have changed over the past half century:

- *Standards and quality of housing:* not solely the physical standards of internal space, amenities and repair, but also the quality of design, appearance and external space.
- *Desirability of the neighbourhood:* the attractiveness of the environment, access to good transport, shops and schools and other amenities, as well as safety from crime and the experience of excessive noise or pollution.
- *Choice of home:* the ability of people to choose their home, and to move to a different home to meet changing needs and circumstances
- *Housing wealth:* through ownership of the equity of housing. For most people housing is by far the most valuable capital asset they possess.

1. What went wrong

The post-war vision

As the people of Britain prepared to vote at the General Election in 1945 an opinion poll found that four people out of ten chose housing as the most important problem for the next Government.

Let's Face the Future, the election manifesto on which the Labour Party won its landslide victory, was clear in its promise: 'Housing will be one of the greatest and earliest tests of our government's real determination to put the nation first. We will proceed with a housing programme at maximum possible speed until every working family in this island has a good standard of accommodation'.

The task the new government faced was daunting. During the war almost half a million homes had been destroyed by bombing, and another half a million very severely damaged. No new houses had been built for six years. The number of people working in the construction industry had fallen to a third of its pre-war level. After years of being separated by the war, millions of families wanted a new home where they could settle and bring up their children.

Responsibility for the housing programme was with the Minister of Health, Nye Bevan. Despite the huge pressure to build as many homes as possible, he insisted on keeping to the improved standards recommended by the Dudley Committee in 1943, especially raising the size of a new three bedroom home from 750 to 900 square feet. The response to his critics was that 'we shall be judged in 20 years' time not by the number of homes that we have built but by the quality of homes' (Foot 1999).

Introducing the new Housing Bill in 1949, Bevan argued that 'it is entirely undesirable that on modern housing estates only one type of citizen should live. If we are to enable citizens to lead a full life, if they are each to be aware of the problems of their neighbours, then they should all be drawn from different sections of the community. We should try to introduce what was always the lovely feature of English and Welsh villages, where the doctor, the grocer, the butcher and the farm labourer all lived in the same street'. As a symbol of that aim, the Bill would sweep away all reference to 'the housing of the working classes' (Hansard 1949).

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The Greater London Plan, prepared by Professor Patrick Abercrombie, set out in 1944 a visionary framework for the future, with the creation of a circular Green Belt, a massive programme for the development of eight new towns for 400,000 people and the re-housing large numbers beyond the boundaries of London.

The most notable innovation in Labour's post war housing policy was the creation of the new towns, based on the vision for garden cities first set out by Ebenezer Howard. There were two key principles. They were to be *self-contained* in providing for the need of everyday living, including work, shops and other services, and *balanced* in providing for people from a mix of different social and economic groups. Eight new towns had been designated on the ring outside London, two in Scotland and one in Wales. In total, the new towns alone were planned to provide homes for 560,000 people, and still more homes were proposed for expanding existing towns, such as Basingstoke and Luton.

By 1951 a million new homes had been built, four-fifths of them by local authorities. The number of permanent new homes built each year rose from virtually none at the end of the war to 227,000 in 1948. Following the spending cuts made after the sterling crisis and devaluation, the number then fell to under 200,000 a year in 1949 and 1950.

However, this fell far short of what had been promised. From as early as 1946 the Government was criticised for delays in the housing programme, and it was one of the Conservative Party's most consistent criticisms of Labour's record in office. Most historians of the Labour Government agree that housing cannot be seen as one of its successes, despite some bold and innovative policies. So the question that must be asked is: why were the ambitious plans of 1945 not achieved?

The grave shortage of materials and labour in a war-ravaged country is clearly one explanation. Britain was forced to rely on imports for many building materials and foreign exchange to pay for them was very scarce. The building industry had shrunk dramatically during the war years, as construction workers had gone into the armed forces or to other vital war-related activity. It took time for the demobilisation of all the troops, especially those serving in the Far East, and for building firms to build up fully-trained workforces.

The ill-preparedness of many local authorities, who had the responsibility for building almost all the new homes, was another

important factor. Some large councils, especially the London County Council, had experience of carrying out large house building programmes, but many did not. In total there were over 400 councils with responsibility for housing, many of them small rural or urban district councils. Not all shared the belief in the need for many new council homes. Many lacked the managers, professional staff or administrative organisation required to plan and implement the programme the Government sought to achieve. Many local authorities also operated very restrictive rules on access, including subjective assessment of house-keeping standards.

Some critics argued that local authorities were not capable of the key role they had been assigned and called for the setting up of a new national housing corporation. The Conservatives attacked the restrictions put on private builders, especially by a tough licensing system which regulated the supply of building materials and labour.

Labour's election had proposed a new Ministry of Planning and Local Government would be formed, which would be responsible for housing. Attlee ignored this commitment and kept housing within the Ministry of Health, as it had been since 1919. Both the creation of the National Health Service and the housing programme were entrusted to Nye Bevan.

Bevan was an inspiring orator, the acknowledged leader of the Left and a politician of vision. But in 1945 he had no experience as a minister. He was one of the few members of Attlee's Cabinet who had not served in the war-time coalition government. What he did in setting up the NHS is acknowledged today as the greatest achievement of the Labour Government.

Bevan was no doubt exaggerating how little time he spent on it when he said that he 'gave only five minutes to housing a week'. Yet there is no doubt that most time and effort was given to health. It was inevitable that the housing programme would suffer. He was right in resisting the pressure to cut standards in order to boost numbers, but he should not have had to make that choice.

After the first world war local authorities had been chosen as the agents for providing most new 'housing for the working classes'. In most local authorities housing responsibilities were split between several departments: building works, treasurers, housing management, sanitary inspectors and for some larger authorities also architects. As rents were

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too high for poorly paid workers or the unemployed, most male tenants were in skilled manual or clerical jobs. Most properties were self-contained houses. Once the homes were built, little was expected from the council except collecting the rent and arranging repairs.

Their inexperience as developers and landlords made local authorities unprepared for the role they were soon to be expected to play in the massive programme of slum clearance and redevelopment. Another crucial factor for the future was that – with the exception of the London Council – local authorities had no powers to build outside their own boundaries, except with consent of the host council. The assumption was that each local authority would meet the housing needs of its residents within its geographical area. This limitation was to have huge implications for the shape of social housing in the years ahead.

It was the Conservative Party – not Labour as in 1945 – which made housing a major issue in the 1951 election. At the Conservative Party conference the previous October the platform had been faced by a strongly-backed resolution, inspired by the newly-formed ‘One Nation’ group to promise to build 300,000 new homes a year – and reluctantly it agreed. The Conservative manifesto included this pledge. Almost every Conservative candidate featured housing as a critical issue in their election. By contrast the Labour Party was on the defensive as a result of its failure to meet the targets for building new homes. There was no reference to housing in the list of what the Labour Government had achieved since 1945.

The politician who was to harvest the gain from Labour’s failure was Harold Macmillan, charged by Churchill with the task of achieving the target that had been promised. In his diaries Macmillan describes his three years as Housing Minister not only as the most enjoyable of his ministerial career but also a crucial step in strengthening his reputation as an effective minister (Macmillan 1969).

He tackled the house building challenge as if it were a military operation. He set up a new planning machinery within the department, secured the support of the major building contractors, created regional boards – with representatives from employers and trade unions as well as local authorities and civil servants – and put enormous energy into touring the country to sustain the impetus of the programme. The target of 300,000 houses was successfully achieved in 1953, but at the price

of reducing space standards and removing the licensing controls which gave priority to council housing.

By the mid 1950s Bevan's housing vision was being superseded by a very different ideological vision – that of a 'property-owning democracy' – where the aspiration should be to own your home. This was strongly promoted by Conservative politicians as a symbol of successful self-help, contrasted with the dependency of being a municipal tenant. The Government had increased the share of the housing programme of building for sale to 50 per cent, compared to only 20 per cent under the Labour government. The primary responsibility both for building new homes and improving older homes was to be with the private sector. In future the main role of local authorities was to be limited to clearing the slums. With the exception of the new towns, subsidies were cut for public sector house-building programmes.

The experience of the post-war Government has some important lessons for today. Firstly, there was popular support for Labour's ambitious house-building programme, but the promises were not matched by delivery. In particular, many local authorities lacked the skills and capacity that were needed. Secondly, the housing programme was not given the priority in ministerial time that was needed, and which Macmillan was to give – as instructed by Churchill – in the Conservative Government that followed.

Bevan was right in raising the standards of council housing and insisting on the importance of quality. Former council tenants still testify today to their popularity. 'I was brought up in a Bevan house and have believed in council housing ever since' (personal communication). Sadly, the failure to achieve the target for increasing the number of homes made it easier for the Conservatives to argue that a choice must be made between standards and numbers and to opt for cutting space standards and then quality. It was a fateful choice from which millions of council tenants were to suffer the consequences in the years to come.

A clean sweep of the slums

The major cities were faced with a massive problem, as they tried to replace the homes that had been destroyed in the war, to replace the overcrowded and dilapidated 19th century slums and to find accommodation for new

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families. Their plans for overspill developments were being frustrated by opposition from the counties surrounding them and their inability to acquire sites for new building. If they were to go ahead with the slum clearance programme, the only option seemed to be to build flats at high densities so as to accommodate more tenants within the city.

This policy of 'mass housing' was actively promoted by central government, embracing the new industrialised building systems being marketed by the construction industry and the major building contractors. They saw high density building as an attractive alternative to battling for land with recalcitrant councils surrounding the major cities. From 1955 more generous subsidies were set for buildings of more than ten stories. The new approach was also embraced by a new generation of architects, attracted by the modernist theories of Corbusier and his vision of 'streets in the air'.

Between 1955 and the early 1970s public housing experienced a revolution, as blocks of flats, many of them high rise tower blocks, replaced the traditional emphasis on houses. At the peak of the public housing programme more than half of the dwellings built were flats. In 1968, 88,600 flats were approved in England and Wales, compared to 82,000 houses (Dunleavy 1981). In total almost 200,000 flats of ten storeys and more were built in England. These were heavily concentrated in the major conurbations – Liverpool, Manchester, Sheffield and Newcastle. Over a third were built in London, where at the peak of the boom 47 per cent of new rented homes were high rise.

The market for high rise construction was dominated by seven major national companies, and most strongly by George Wimpey, John Laing and Taylor Woodrow. Between 1963 and 1973 these firms were responsible for three quarters of all industrialised high rise approvals.

Industrialised building techniques, such as deck access, were also adopted for many of the medium rise flats, for example on the massive Aylesbury estate in Southwark. The 2,400-dwelling estate was reported at the time to be the largest housing contract ever let. Many such developments were to become some of the UK's most notorious public housing disasters. However, faced by all the constraints and inducements, almost all the local authorities in the major conurbations felt high density blocks of flats were the only solution to their housing needs.

The 'clean sweep' vision of the planners saw no future for the 'Coronation Streets' – the tightly knit streets of terraced housing. The

construction firms wanted large contracts for their new 'mass housing' systems of industrialised building. Governments of both parties, seduced by the prospect of mass housing on the cheap, actively urged the new systems on local authorities.

Beleaguered by the pressures from thousands of tenants wanting re-housing, 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 many local authorities uncritically accepted the new building systems. There were some who actually embraced the new approach enthusiastically, because they believed the old terraced houses were too small and inflexible for modern families and believed that the new estates would offer more space and a wider mix of dwellings, especially to meet the needs of larger families and pensioners.

In 20 years from the mid-1950s almost 1.5 million dwellings were demolished: one in ten of all the homes in the country. The new homes had more space and better amenities than the dwellings they replaced. There were dramatic reductions in the number of homes without a bath, hot water or inside toilet; households sharing facilities in multi-occupied houses; families living at densities of more than one and a half persons to a room; and in properties designated as 'unfit for human habitation' (Dunleavy 1982).

A high price was paid for these gains. When the old neighbourhoods of houses, shops and small businesses were razed to the ground, they were replaced by monolithic single tenure estates of council flats, many in high rise or long deck access blocks. Amidst all the powerful pressures, there was little room for the choices and aspirations of tenants to be heard. The merits of industrialised housing never matched the promises made for it. As Alison Ravetz has said 'Design faults, skimmed workmanship and inadequate supervision were hugely magnified by the scale of contracts. High rise dwellings so constructed were particularly prone to damp and mould, and the electric heating systems were often ineffective and hugely expensive to run' (Ravetz 2001).

The plans, and the subsidy system, made too little provision for the community infra-structure that was needed. As a result too many estates were built without adequate provision for schools, shops, health services and public transport and other facilities essential for successful communities. High rise also cost more in public subsidy.

The new subsidy introduced in 1955 was structured according to the height of the building, so that flats in five storey flats got more than twice the subsidy for houses, and flats in 15-storey blocks or more got nearly three times as much.

In addition the estimates for slum clearance were at best crude guesses, with extraordinary inconsistencies in the figures. Some authorities in the old northern conurbations reported that over a third of all dwellings in their areas were unfit, whilst neighbouring authorities apparently had the same number of unfit dwellings as some areas of leafy suburbs. In most areas no inspections had been carried out to assess the properties. Certainly the tenants who lived in the properties had not been consulted on whether they believed that demolition was the only sensible solution.

A devastating critique by Raphael Samuel exposed the flaws in the estimates. The article showed that 'the recorded percentage of unfit houses was the same in Carshalton as in St Pancras, in Penge as in Hammersmith, rather higher in Sunbury-on-Thames than in Islington, and twice as high in Rickmansworth as in Hackney, and Sutton and Cheam actually returned more slum houses than Stoke Newington, as did Potters Bar, Wimbledon, Finchley and Elstree' (Samuel 1962).

A scrutiny of the statistics should have led ministers and officials to reject them as virtually worthless. However, they were used for years – as unchallengeable facts – as the basis for a housing policy which would cause massive upheavals in the lives of millions of people, transform the character of almost all British cities and burden a future generation with an unwelcome housing legacy.

What should have been recognised was that the problems were far more complex and diverse than labelling dwellings as 'unfit' and then demolishing them. Undoubtedly there were old properties whose condition was beyond renovation at any reasonable cost. There were many more, included in the clearance programmes, where the installation of inside toilets, baths, better heating and thorough structural as well as internal repairs could turn them into homes with many years of useful life ahead. Some houses that escaped the bulldozer were improved by incoming owner occupiers and are today much desired expensive homes.

Some of the desperate housing problems people experienced were not due to the physical condition of the properties. The scarcity of cheaper

rented housing forced many families, especially newly-arrived migrants, to live in seriously overcrowded one or two-room flats, often sharing with several other tenants. Some unscrupulous landlords exploited the shortage to charge exorbitant rents. The 1957 Rent Act removed security of tenure on new lettings and allowed landlords to evict – or threaten to evict – any tenants who complained about conditions.

In the areas covered by the clearance programmes many tenants failed to get re-housed by the council, especially newer arrivals in furnished tenancies who were not deemed eligible. Tenants who moved in after clearance plans had been decided by the council were not deemed eligible for re-housing. Landlords often evicted tenants in the hope they would get more money from the council if it was sold with vacant possession. Predictably it was the newer arrivals, especially the migrants coming from the black Commonwealth countries in the late 1950s and early 1960s, who were most frequently excluded.

The policy of building large, system-built housing estates had devastating consequences. Instead of houses with gardens that most people aspired to – the ‘Bevan’ houses of the early post-war years – tenants were forced to live in bleak tower blocks and deck access flats. They did not see the new flats as realising their housing dream, but as a disappointing second best for people with no other choice.

The widening regional divide

One of the drivers for the high density, industrialised building programme was the unexpected rise in the population, as the birth rate unexpectedly rose in the early 1950s, and the increase in the number of households as young people left home sooner to start their own families.

However, this was only the first step in a massive, and largely unnoticed, demographic change that was to almost double the number of separate households over the next 50 years from 12 million in 1951 to 22 million in 2001. The growth in the number of households over the past 50 years has been almost as great as that over the whole of the previous thousand years!

The growth in households has not only been huge. It has also been very uneven – in both location and type of housing. Firstly, in marked contrast to the pattern since the onset of the industrial revolution, the great majority of the new homes to accommodate the

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growth in households have been built outside the major conurbations. Only the homes built for rent by local councils and housing associations have continued to be primarily in urban areas. Whereas almost all homes built for sale have been detached or semi-detached houses, many rented homes have been in high density tower blocks or deck access flats.

As a result of the geographically uneven pattern of economic growth, more of the extra households are living in the south than in the north. Between 1996 and 2001 the average annual increase in households in England was almost 200,000 but this comprised a growth of 136,000 households in London, the south-east, the east of England, and the south-west, compared to only 64,000 in the all the other six regions together (Stewart 2002).

The number of homes built to accommodate the extra households has also been uneven, especially during the past 20 years. In the north more new homes have been built than extra households formed. By contrast, in southern England the number of extra homes has fallen significantly short of the increase in households. The deficit has been much the largest in London.

The consequence of these developments has been immense. It is not possible to understand current housing problems in this country without being aware of its impact. In many areas of the country, including most of the midlands and many areas of the north, there is a reasonable balance between housing supply and demand. However, there are acute problems of affordability in almost all areas of southern England. There is now a surplus of housing in some areas of the north, with problems of low demand and even abandonment in the least popular areas. And there is much greater social polarisation, with many poorer people trapped on housing estates in the most deprived urban areas

A key assumption made in all the post-war plans was that the population would remain largely stable. Between the wars the population of Britain had been almost static, and the Report of the Royal Commission on Population in 1939 made recommendations based on projections of a falling population. The new housing would replace homes destroyed by the war and relieve the acute overcrowding, especially in the congested old cities.

This strategy was derailed by the unexpected growth in the post-war population. The immediate post-war 'baby boom' was followed by

a short-term downturn, but from 1954 onwards there was an unexpected and continuous rise in the birth rate. In the longer term the much more significant factor in the demand for housing has been the growth of households caused by the consistent fall in the average size of households. There have been three main causes for this:

- Firstly, longer life expectancy, combined with better overall health, means that more old people are living longer in their own homes.
- Secondly, more people of working age are living alone. This includes people living on their own after divorce or separation, and others not living with a partner until later in life, or not at all.
- Thirdly, the number of people coming to live in Britain is greater than those leaving. Most people coming to this country are bringing skills which are in short supply. Commonly-cited examples include doctors and nurses in the health service. The combination of both a flexible labour market and freedom of movement within the European union brings a lot of low-wage labour, especially into service industries. Like other western European nations the UK also receives asylum seekers fleeing persecution and violence in their own countries, in accordance with international treaties. In 2002 just over 100,000 asylum seekers arrived in Britain. However, fewer than half of those arriving were given refugee status or granted 'exceptional leave to remain'.

This rapid household growth is not unique to Britain, but has been a common phenomenon amongst advanced industrialised countries across Europe. What has been different here from the experience of most other countries is extent of the geographically uneven pattern of growth and the failure to match the number of dwellings with the increase in homes.

Uneven economic development

One important ingredient in the post-war vision was the belief that the state should play a much stronger role in deciding where industry developed and new homes were built.

In successive years three Acts of Parliament gave planners powerful new instruments for achieving these aims. The 1945 Distribution of

Industry Act – based on the recommendations of the Barlow Report – enabled the Government to relocate new industrial building into areas where unemployment had been high. The 1946 New Towns Act gave powers to create planned new communities to relieve congestion in the large conurbations, especially London, and six years later this was followed by the Expanding Towns Act to include expansions to existing towns. The 1947 Town and Country Planning Act created a comprehensive planning framework. Specific measures included powers to prevent building on green belt land and to impose a betterment levy on windfall profits from changes in land use.

For over 30 years the controls over the location of industry – and after 1965 on new offices – had some impact on channelling new investment and employment into the least prosperous and peripheral regions, through the granting of industrial development certificates and programmes of regional assistance. However, they were limited by the restrictions of these controls to manufacturing industry and were not sufficient to prevent the persistence of marked regional differences.

Despite these powers there was uneven regional economic growth, leading to two growing divides: between *north and south* and between the *inner cities* and the *suburbs and towns*. The loss of employment has been heavily concentrated in the inner cities, where most of the declining industries were based. Investment and new jobs was attracted to the less congested sites and better environment on the built-up fringes or the towns beyond the green belts.

The north of England – as well as Scotland and Wales – suffered most severely from the collapse of the traditional manufacturing, shipbuilding and mining industries, with a massive loss of jobs. New jobs have been heavily concentrated in southern England, most dramatically in the south east outside London. The growth has consisted primarily of new technologies, including information services and manufacturing. Over the past 20 years there has been marked growth in employment in London, primarily in financial services, tourism and other service industries.

As a result of these changes, new housing has developed in a very different way from that which Abercrombie and the post-war planners envisaged. They intended that most of the new housebuilding would be in the new towns and the town expansions. Instead this growth was dwarfed by spontaneous outward migration from the cities, both in the suburbs and settlements beyond the green belt cordon. In the 25 years

after the war 1970, fewer than 250,000 homes were built in new towns in the south east, out of a total of more than two million.

The all-party consensus over the relocation of housing and jobs changed with the election of the Conservative Government in 1979. Under Margaret Thatcher's leadership the Conservative Party promoted a powerful ideology of 'rolling back' the state and allowing free rein to market forces. No new towns were developed after Milton Keynes, Peterborough and Northampton, completed in the late 1970s.

In rejecting policies of state intervention the Government abandoned the old regional policies, which sought to direct investment into areas where unemployment was highest. As a result there have been still more uneven patterns of economic growth.

The collapse of the traditional manufacturing, shipbuilding and mining industries led to a massive loss of jobs in many areas of the north, whilst new investment has been heavily concentrated in the south, especially some of the growth 'hot-spots' of the south east, as those able to choose where to live have increasingly moved to those areas.

Evidence from the Labour Force Survey shows marked differences between the levels of employment, productivity and income per head between regions, with the poorest regions being the North East, North West, and Yorkshire and Humberside. These disparities have been increasing, and on current trends GDP per head in the North East by 2020 will be half the current national average.

There are a number of factors contributing to these differences. These include lower productivity (ie lower earnings per head for those in work) and lower rates of employment. The most marked differences are in employment, measured by the percentages of the population who are not economically active. The levels are lowest in all the northern regions, and especially in the northern conurbations.

In the past decade some of the 'core cities', including Leeds, Manchester, Liverpool, Newcastle and Sheffield, have been successful in attracting investment in financial services, communications, cultural activities, sporting venues and other areas. They have also experienced a growth in facilities for higher education. The limitation of this, however, is that the economic benefits have mostly not been extended to the poorer areas of these cities or to the outer areas of these conurbations.

16 Housing, Equality and Choice

Housing surplus in the north

In some areas of the north there is now a deficit of jobs and a surplus of housing. In the last ten years the number of new homes built in the northern regions has exceeded the growth in households, leading to a growing problem of low housing demand. One consequence of this has been a rising concern, which began in the mid 1990s, about problems of low demand for housing – and even abandonment – in some areas, especially in the northern conurbations and the old mining and textile areas.

Initially the issue was raised by managers of social housing, who were experiencing higher turnover and vacancy rates and difficulties letting housing in some neighbourhoods. The problems were most acute in neighbourhoods where there was a high incidence of crime and anti-social behaviour. The phenomenon was identified by some as due to the ‘stigma of social housing’, which was likely to grow because households with any choice were increasingly opting out.

In 1998, the Social Exclusion Unit identified low demand for housing as one of the most important issues in developing a strategy for tackling the problems of the most disadvantaged neighbourhoods, and a Policy Action Team on Unpopular Housing was set up to investigate the scale and causes and recommend necessary action. It was able to draw on the findings of a major research study led by Glen Bramley at Strathclyde University, which included a postal survey of all local authorities and case studies in selected areas.

The report showed that low demand was extensive in urban areas of the north, and whole neighbourhoods were being abandoned. It identified the key factors, showing that there were specific problems which increased the likelihood of a particular neighbourhood becoming unpopular, but that the underlying causes of low demand for housing were structural – that is low levels of employment and an overall surplus of housing (Social Exclusion Unit 2000).

The research also showed that the worst problems are found in areas of concentrated urban poverty. These include all the measures of deprivation: low levels of employment, high ratios of single parents, poor educational achievement, high incidence of offending and anti-social behaviour and high levels of neighbourhood dissatisfaction.

Housing shortage in the south

In stark contrast to the surplus of housing in the north and the problems of low demand, there is a worsening housing shortage in the south. The explanation for this is straightforward. The number of people needing separate homes has been increasing and the number of homes being built has been falling.

For 30 years, from 1951 to 1981, the growth in the dwelling stock exceeded the increase in households, so that the housing shortage reduced. By 1981 there were 700,000 more dwellings nationally than households (although this did not allow for unfit and empty homes). Since 1981 the growth in households in southern England has exceeded the increase in the number of dwellings, leading to a crude deficit of dwellings. In 2001 the number of new homes built fell to the lowest level since 1924.

This shortage has resulted in an acute shortage of affordable housing and sharp differences between house prices in the south and the north. The problems of 'affordability' can be defined in two different ways: the price of 'market housing' for people seeking to buy and the availability of 'social housing' for those on lower income needing a home to rent.

Recent research carried out for the Joseph Rowntree Foundation by Steve Wilcox records average house prices and incomes for every local authority in England. The findings vividly show the striking divide between north and south.

Minimum income required to buy a house in the lower quartile of prices

	<i>House price (£)</i>	<i>Income (£)</i>
North East	46,344	14,676
North West	53,081	16,809
East Midlands	71,257	22,565
South West	100,979	31,977
East of England	102,717	32,527
South East	124,596	39,455
Greater London	169,350	53,628

Analysis based on research by Steve Wilcox for Joseph Rowntree Foundation (2003).

There are only ten districts out of 212 in the whole of southern England where someone earning £25,000 can afford to buy a home in the lowest quartile of house prices. There is only one district in the South West (Plymouth), two in the South East (Thanet and Hastings), and seven in the Eastern Region (Peterborough, Waveney, Fenland and four districts in Norfolk). In London there are only three boroughs where it is possible to buy with an income of less than £40,000 (Barking and Dagenham, Newham and Greenwich). By contrast, it is possible for people earning £25,000 to buy a home in any district in the north. The income needed averages £17,000 in the north west and only £15,000 in the north east (Wilcox 2003).

Still more severe problems have resulted from the reduction in the number of homes built for rent by social landlords. The shortage of affordable homes to buy puts even more pressure on the demand for rented housing, where the number of homes being built by social landlords has fallen still more than those for the private market. The number reached a peak of over 150,000 during the late 1960s, but has fallen dramatically. In recent years only 20,000 new socially-rented homes have been built.

The result is longer housing waiting lists, more young people sharing with friends and relatives, and more homeless families forced to live in temporary accommodation. The most dramatic evidence of the housing crisis is the huge growth in the number of homeless households in temporary accommodation, which has risen from less than 5,000 in 1980 to a record number of more than 80,000 now (ODPM 2003).

The growth of nimbyism

There were two further developments, which exacerbated the divisions caused by uneven economic and demographic change.

The concept of *urban containment* was a key element in the post-war planning vision. The aims including restricting unplanned urban sprawl, relocating industry and developing new towns to accommodate the surplus population of the great cities. It commanded widespread political, professional and public support for the social and environmental benefits it promised. The potentially inegalitarian consequences were either not recognised or justified as a necessary price to pay.

Residents in the suburbs and settlements beyond the green belt enjoyed the benefits of low densities: detached and semi-detached

privately-owned houses with gardens. The local authorities used their political powers to protect the privileges of their electors to prevent encroachment of rented housing for people wanting to escape from the overcrowded inner city areas.

Those who could afford to buy were able to move out from the crowded urban areas: to suburban homes with gardens. The new and expanding towns were the marked exceptions, offering a route to a new home for tenants as well as home owners. But they were only accessible to those with the skills for the jobs available. There has been little choice to move out for the poorer tenants.

Those who oppose more greenfield housing often imply that theirs is a new cause, with the countryside at risk of destruction by the housing developments of the last 20 years. In reality there is a long history of resistance, especially to more council housing. In 1927 an extraordinary instance of class hatred was the saga of the Downham Wall. In order to minimise everyday contact between the council tenants and the 'respectable residents' of Bromley, local citizens built a wall to prevent access to tenants of the new London County Council estate, built on the edge of the neighbouring borough of Lewisham, just inside the LCC boundary. Bromley Council waged a lengthy legal battle against the LCC, who sought to have the wall demolished, but it stood for many years (Young and Garside 1982).

Still more widely publicised was the long battle over the Cotteslowe Wall at Oxford. It took a 20-year battle by local tenants and Oxford City Councillors – including Richard Crossman and their lawyer Sir Stafford Cripps – eventually to allow tenants on the council estate to walk through the road on the private housing estate to gain access to the main road. Until then they faced a detour of almost half a mile to the shops in Banbury Road, the local secondary school or the buses into the city centre (Collison 1963).

Similarly the new towns faced strong protests from some local organisations when the plans were announced. Protestors in Stevenage branded the town 'Silkingrad', as they demonstrated at the railway station against the visit of John Silkin, the new Minister of Planning. There was also organised opposition to the proposed new town at Hemel Hempstead, where the existing town already had a population of 20,000. Anti-new town candidates stood at the local elections, and a Hemel Hempstead Protection Association was formed. The local

newspaper argued that the 'new town will irrevocably alter the character of Hemel Hempstead from a semi-rural township to a series of ungainly urban sprawls'.

An example from northern England was the public enquiry held to consider Manchester's application to build a new town at Lymm in Cheshire. The proposals were strongly opposed by Cheshire County Council, the National Farmers Union and many local interest groups. The Minister decided to reject Manchester's application (Hall 1973).

Another failure was the overspill scheme proposed for Westhoughton, 15 miles from Manchester, which had been suggested as an alternative at the Lymm inquiry. After long negotiations this was abandoned because agreement could not be reached on a viable site for the development. In the words of a leading planning expert on the history of Manchester overspill: 'the activity has been immense and the results very poor'.

In the West Midlands a celebrated planning inquiry was held in 1959 into Birmingham's proposals for a development of housing for 54,000 people at Wythall, seven miles south of the city on the border between Warwickshire and Worcestershire. There were many objections from landowners and organisations of farmers and residents. Despite voluminous evidence put forward by the City Corporation on the need for overspill caused by the growth of population and slum clearance schemes, Birmingham lost the Wythall inquiry.

In London there has been strenuous resistance over many years to proposals for building housing estates in outer London, although both the London County Council and the Greater London Council were successful in building some estates in both outer London and beyond into the south east. Ken Young and John Kramer have written an exhaustive study of the Greater London Council's efforts to 'open up the suburbs' by increasing opportunities in suburban areas for low income households. Despite repeated efforts by both Labour and Conservative Government, their efforts largely failed. As the authors conclude: 'The GLC incurred successive defeats...in their efforts to secure a more equitable distribution of urban space. Suburban exclusivity was once again guaranteed' (Young and Kramer 1978).

A more recent example is the six year old battle that has been waged over plans to build 5,000 new homes on 281 hectares of farmland on the outskirts of Stevenage. The story began in 1977 with investigations

by Hertfordshire County Council looking for sites to meet the targets in the revised planning guidance. However, following strenuous opposition by local residents in the surrounding villages and local environmental groups and then by a change in political control to the Conservatives, the County Council withdrew support for the plan. Meanwhile Stevenage Borough Council has strongly supported the development, and lobbied the Government to over-rule the County Council. They argue that it would be a 'sustainable urban extension', and not the destruction of the green belt claimed by its opponents. The outcome now awaits the results of a public inquiry due at the end of 2003.

Amongst the many instances of opposition to new development, it is important to distinguish between what are legitimate concerns over damage to the environment or inappropriate housing proposals, and what is straightforward selfish opposition to encroachment by newcomers into desirable communities. In practice making this distinction is not always obvious. Critics almost always seek to argue from the moral high ground of environmental concern, ranging from loss of greenfield land to protection of wildlife and pollution of the environment.

In a comprehensive review of the operation of the post-war planning system, published in 1972, Peter Hall posed the question: 'who has benefited and who has paid the cost from the whole range of policies in housing, in transport, in land and in management of the economy' (Hall 1972). Those who have *lost* are firstly those 'aspirant rural or suburban dwellers who have had to settle for homes that are far smaller and meaner than their equivalent in the 1930s'; secondly, 'all those tenants of public housing in the great cities who have been housed in high density, high rise developments because of the shortage of housing; and thirdly 'those lower income families who live in privately-rented accommodation, especially those living in multi-occupier properties in inner city urban areas'.

He concluded that those who have *gained* most are 'those fortunate to possess wealth in the form of property...although the gains to owner occupiers have not been evenly distributed'. Those who have benefited most of all are the 'existing rural inhabitants, especially established owner occupiers who have benefited both from inflation and the undisturbed enjoyment of the countryside'. He concluded that 'the story of urban development in post-war England is the story of their triumph.

Updating the analysis for today a similar conclusion would be reached. The *gainers* include many more home owners who are now benefiting from the huge rise in house prices, as well as the enjoyment of the countryside. One important change is that the decline of the privately-rented sector means that fewer of the *losers* are renting from social landlords. The overall pattern is essentially the same. The only difference is that the inequalities are now greater still.

In recent years the resistance to building more housing on greenfield land has grown even stronger, as the lobbies for protecting the countryside have become more vocal and organised. Opponents of new development have criticised – with some justification – the excessive building of large executive homes for long-distance commuters and the failure to build more affordable housing for low income people. Yet often the message that has been heard most strongly has been the voice of ‘nimbyism’, not in my back yard.

The right to buy

The most dramatic policy change in housing in the post-war period was the sale of council housing launched by Margaret Thatcher’s government in the 1980s.

It was hugely popular with those who benefited and a flagship policy for the new political agenda. Socialism for many people was convincingly portrayed as denying tenants the right to choose the style of their own front door. The right to buy has enabled over 1.5 million tenants to become owners of their homes over the past 20 years. Many of these have been families who would not have been able to afford to buy without the discounts.

The properties sold, however, have disproportionately been the more attractive and popular, especially houses with gardens. As a result of the right to buy the number of lettings available to local authorities has fallen significantly. Those who have lost have been existing tenants seeking transfers and people needing a home to rent.

The right to buy has meant that people wanting to own their own homes have stayed in their existing homes, at least for the next five years. This has been important in maintaining a broader income mix on some council-owned housing estates, and preventing those estates providing homes only for those on low incomes. When the first buyers

have moved out, the dwellings have usually been sold to another owner-occupier, although recently there has been a growth of properties being sold to private landlords.

The proceeds from the right to buy have exceeded by far any other form of privatisation. Yet what has rarely been recognised is the unique nature of the right to buy arrangements. The sale of council homes is the only type of privatisation where the policy has been to sell assets at prices far lower than their market value. Properties have been sold to sitting tenants at huge discounts. The total receipts from sales since 1980 now amount to more than £30 billion. The full value of the assets lost to the public sector, however, is double that amount, exceeding £60 billion (Murie and Ferrari 2003).

The poor lose out

Housing conditions experienced by most people are now significantly better than they were 50 years ago. In particular, public housing programmes have dramatically reduced overcrowding and the number of people living in homes without basic amenities. In most other respects, however, housing inequalities are much greater today.

The different causes have been traced in the previous sections: the replacement of older houses by high density flats; the imbalance of suburban growth, dominated by housing for sale; the resistance to building low-cost housing, so people could move from the overcrowded cities; the regressive tax relief enjoyed by home owners; the loss of good quality rented homes through the right to buy; and inadequate investment in affordable rented homes.

Many different policies have contributed, not only in housing and social policy, but economic policies, planning policies and tax policies especially. Unforeseen changes have played an important part, including the rise in the number of separate households. Key decisions have been shaped by ideas and ideology on the superiority of home ownership and the vision of 'streets in the sky'.

Those responsible have never accepted that the decisions will increase inequality. Different policies have been justified by many arguments, but almost always it has been claimed that they are for the benefit of the whole society. The experience has been very different.

Although those who were caught in negative equity and mortgage arrears in the early 1990s suffered badly, and there are also a substantial number of older people on low incomes who find difficulty in maintaining their homes, the growth in owner occupation over the last 50 years has brought considerable benefits to most of those who have bought. They have been able to enjoy better standards of housing, the freedom to choose where they live and the possession of considerable housing assets.

The increase in the 'equity divide' has been the single greatest cause of the growth of inequality in Britain. The value of the net equity of personally-owned housing increased from £36 billion in 1970 to £1,525 billion in 2001. After allowing for inflation, the index of the real growth of gross assets in personally-owned housing has risen from 62.6 in 1970, to 100 in 1980 and to 329 in 2000. Those who have missed out from this huge growth in personal wealth are those on low incomes who have not been able to afford to buy (Burrows 2003).

The experience of those who chose not to buy, or were not able to afford to even with the generous discounts, has been very different. The previous section showed how the location of new housing and uneven economic development has contributed to the geographical segregation of tenures. Another significant factor has been the changing profile of those who occupy social housing and the physical form it has taken.

The early council homes were mainly occupied by better-off working class tenants, as the rents were too high for less skilled workers or non-earning households. After the second world war most council lettings still went to people who had been for many years on their housing waiting lists or to those displaced by clearance schemes. Policies frequently discriminated against households deemed to have poor housekeeping habits. Residency qualifications were used to limit access to new newcomers, mostly to black immigrants.

However, following strong criticisms of these practices by the Ministry of Housing and Local Government Advisory Committee on Housing Management, local authorities were expected to remove restrictions on eligibility, to prevent racial discrimination, and to remove personal councillor involvement in allocation decisions (Cullingworth Committee 1969). From the early 1970s council lettings gave much greater priority to housing need, and this practice was reinforced by the 1977 Homeless Persons Act, which gave all local councils a legal

obligation to secure accommodation for homeless families and vulnerable single people. Instead of having to go on searching desperately for somewhere to rent from a private landlord, however inadequate, those groups were able to obtain a council home. As a result, over 100,000 homeless applicants a year are now accepted as homeless and in priority need.

The best of the council housing estates built in the early years of the last century were models of good quality planning and design. Conditions enjoyed by the tenants were vastly better than the overcrowded tenements from which they had escaped. From the 1950s, however, the quality of new estates fell, first through lower space standards and then through the building of high density badly designed blocks of flats.

Many tenants were glad to accept almost anything to escape from the run-down, ill-equipped places where they had been living. But as those who can afford it have bought their homes, council estates came to be occupied increasingly by those with no other choice. Many council tenants are satisfied with their homes, especially those living in towns and villages outside the major conurbations. Overall, just under 70 per cent say they are satisfied with their homes, although the percentage has been falling in the last few years. However a study of levels of dissatisfaction with different types of neighbourhood found that the highest levels of dissatisfaction were on inner city estates, especially in London and in high rise housing, and in deprived industrial areas (Burrows and Rhodes 1998).

Some deprived neighbourhoods include low income owners and private tenants, as well as tenants of councils and housing associations. Most of the worst, however, are those poor quality estates where high levels of crime, failing schools, bad housing and a poor reputation all combine and where everyone who can get out does. The Social Exclusion Unit estimated that there were more than one million households living in these neighbourhoods (Social Exclusion Unit 1998).

The problem of these areas is frequently described as the 'the problem' of social housing: that it houses too many poor tenants, too many vulnerable people, and that too much priority is given to housing need. Those who put the problem in this way are making a fundamental mistake. The problem is not that people who are poor live in social

housing. It is that they are too often all housed together on the same estates.

It was not inevitable that council housing, especially in urban areas, should be built in single tenure estates, many of them monolithic blocks of flats. It would have been possible to save many older properties from demolition by more sensitive policies of urban renewal: rehabilitating the better terraced houses to modern standards, with selective clearance of the worst, whilst retaining the strengths of the cohesive older neighbourhoods. It would also have been possible to build new homes on the old street patterns and acquire vacant homes for sale on the private market, so as to develop mixed tenure, socially-balanced neighbourhoods.

Ironically in the light of later experience, the first council estates, especially those designed by Raymond Unwin and Barry Parker, who were also the architects of Letchworth Garden City and Hampstead Garden Suburb, were designed to be superior to the traditional urban streets, which were associated with congestion and squalor. They never foresaw that this spatial form would be kept for the mass housing estates of a later period.

The proposals in Chapters 2 and 3 will show how it might be possible to break the identification of 'social housing' with 'housing estates' and re-shape it in a more diverse and attractive form.

2. Making housing markets work

An effective 'housing market' should provide a choice of an adequate supply of homes, at costs which people can afford, where jobs are available and where people want to live. In this context I use the term to cover housing in all tenures, not only private housing but also different forms of social housing.

The problems of failing housing markets in the north and shortages of homes in the south are now recognised as important political issues, but there are sharp differences of opinion about both the causes of the problems and the policy response. Too much of the debate is conducted by dogmatic assertion, with little reasoned analysis.

Some put the blame for the problems on unfair government bias against the north and on the failure to restrict growth in the south; some argue that it is not possible to stop the power of market forces and no more can be done to prevent regional inequality; others say the causes are the failure of the house building industry and successive governments to increase housing supply in the south.

At the extremes these views are reflected in polarised policy positions.

- 'Accept the inevitability of decline'.

The Government cannot reverse the flow of market forces. If we want London to thrive as a leading world city and Britain to compete successfully with other European countries, we must accept that firms want to invest, and people to live, in the south. The priority for public spending is to make housing affordable and to invest in the infrastructure for new communities.

- 'Let the south stew.'

The Government should be doing nothing to offset the costs of over-priced housing and congestion in the south, and relying on market incentives to persuade more firms and industries to locate outside the south. The priority for public spending should be to increase the attractiveness of working and living in the poorer regions, especially the more deprived areas, through investment in transport, economic assistance and housing renewal.

Both these arguments are flawed. It would be incredibly wasteful to demolish sound homes in northern cities in order to build still more in the over-heated areas of the south. As well as the financial costs resulting from more unemployment and declining communities, there is a huge social cost of inequality and deprivation.

On the other hand, the experience of the past decade shows that inadequate housing supply does not persuade people to move to other regions. What it has led to is rising prices, more money spent on housing costs, more forced sharing and more homelessness. Failing to build more homes will not help the south. It will simply increase its problems.

Alternative policies need to look at what has happened to housing and employment, seek to increase territorial justice and create a better balance between people, homes and jobs across all areas of the country.

The Government's Communities Plan

In February 2003 the Government published its Communities Plan, including nine separate regional documents, setting out a range of proposals for tackling the problems of housing shortage and low demand.

The key elements in the plan are policies to regenerate deprived areas in the north and the midlands, including nine housing market renewal pathfinder projects in the most severely affected areas; and a 'step change in housing supply' in the south, including three new growth areas in the South East and South Midlands.

The Communities Plan is a positive step towards recognising the twin problems of low housing demand and housing shortage, and committing substantial extra resources towards tackling them. Its weakness is the failure to integrate the housing proposals within wider strategies for regional economic development. It is unclear whether the new growth areas will actually reduce the housing shortage or whether their main effect will be to increase inward migration and economic prosperity in those areas at the cost of the poorer regions.

The development of the Thames Gateway can be seen as a strategic policy for locating new jobs in the less prosperous areas of east London and eastwards outside the London boundaries and building new homes to contribute to easing London's acute housing shortage. The rationale

for the Milton Keynes/South Midlands and the other growth areas is much less clear. For example, it is proposed that 310,000 extra jobs will be created in the Milton Keynes growth area by 2031, with 370,000 new homes. This is likely to have only have a minor effect in reducing the housing shortage, but the creation of so many new jobs may worsen the regional economic divide.

The evidence on affordability shows that the need for new homes cannot be tackled by concentrating on a small number of growth areas. The shortage is spread across almost every district in southeast, southwest and eastern England, where there are problems of affordability caused by excessive house prices and too few social homes built for rent.

Tackling housing market failure

The Housing Market Renewal Pathfinder projects are now developing action plans for tackling market failure in nine of the most affected areas in the north and Midlands.

The most important analysis of the problem was made by the 'M62' study in 2000 which examined the changes in the local economy, house prices and population movements in the area between Greater Manchester and Merseyside, and similar studies have subsequently been made in other areas. These have all shown how these changes affect the local housing markets and these cause falling house prices, outward migration and at worst abandonment of whole streets.

The Government are funding Pathfinder projects, with the remit to draw up strategies for developing sustainable communities. Each of the Pathfinder projects are drawing up proposals which show how successful housing markets can be restored.

The concept of 'markets' is central to the approach of all the projects, understanding where and why people move, what prices they will pay and what type of housing they want. This is the basis of decisions on what type of new homes should be built, how existing homes may be modernised, how tenure may be diversified and which dwellings should be demolished,

The issue of demolitions is one of the most complex and sensitive. Growing numbers of empty homes are seen as a signal of failure, which prompt people to leave a neighbourhood. This downward spiral can

happen with frightening speed. Where the empty homes are obsolete demolition is likely to be the best answer, although there may be strong resistance from residents who like their homes and are unwilling to move.

In other areas the properties may still be in sound condition. The problem is simply that there is an excess of supply, and they are not sufficiently popular with either owners or tenants. The difficult choice is whether it is possible to restore demand through policies of economic regeneration or whether to accept that this is not realistic and demolish the properties so as to prevent the negative effect of leaving streets of half-empty properties.

The problem at present is that it is not clear whether the Pathfinder projects should assume that population and the demand for housing will continue to fall, or whether economic initiatives will stem the outward migration and increase the demand for housing. Without such a transparent regional framework, the projects are inevitably working in a policy vacuum.

A new policy for the regions

The widely different character of both housing markets and employment patterns means that there can no longer be a 'one size fits all' solution. What is needed is an overall national policy for balancing people, homes and jobs, within which distinctive regional, sub-regional and local strategies can be developed

When the Labour Government established new Regional Development Agencies (RDAs), these were all given the remit of seeking to maximise average incomes. However, without any positive policy to target the more deprived areas, new jobs have continued to be created disproportionately in the high growth regions.

In the 2002 Spending Review Statement Gordon Brown, the Chancellor of the Exchequer, for the first time adopted the policy of seeking to reduce the persistent gap in growth between the regions, and this is included as one of the key Public Service Agreement targets. In his 2003 Budget statement he re-stated this aim, with specific proposals for relocating 20,000 public service jobs from London. However, the Government has retained the target that all RDAs should seek to maximise income growth. There is not yet a policy of redistribution between the wealthier and poorer regions.

Of course, private companies will not locate their activities where they believe the market opportunities are inferior, but the Government has a wide range of policy tools to influence where jobs are created, including through fiscal policies, programmes of public investment and through their direct control of public agencies. It should also have an explicit policy aim of supporting the location of new projects in the less prosperous regions. Manchester's experience in promoting the Commonwealth Games shows how this can be done successfully.

Tackling under-supply in the south

Even with this change towards a redistributive regional economic policy, many more homes will be required in southern England than are being built currently. There is an estimated need for 250,000 well-designed, sustainable new homes for each of the next ten years.

This may seem like a huge challenge for both local authorities and house builders. Yet it is less than the 300,000 a year built 50 years ago when Harold Macmillan was the Minister for Housing. It is much less than the 350,000 built in 1968 when Harold Wilson was the Prime Minister. Although some serious mistakes were made in the quality of what was built in both of these eras, each government was prepared to show its commitment to ensuring that the necessary homes were built.

In the next 20 years the number of households in England and Wales is projected to rise by a further 3.6 million from 22.2 million now to 25.8 million. This is often described as if it is an unprecedented increase, but in fact is no greater than the actual growth over the last 20 years. This growth shows sharp regional variations, with the highest rates in the south east, London, the south west and the east of England, where the housing problems are already most acute.

Projections of population, household growth and migration have at times been inaccurate in the past, but mostly because they have been too low, not too high. There has been a consistent trend in the growth in the number of households, mainly because people are living longer, and it is almost certain that more will live alone in smaller households. Estimates of the requirement for new homes over the next 20 years can be revised if experience shows this to be appropriate.

A number of arguments are frequently put up against building more new homes, such as: 'Building more homes is self-defeating. It simply

encourages more people to want a home of their own'. People believe that building more houses is like building more motorways: they just increase the number of cars. However, the evidence shows this is not the case. In the periods when the growth in housing has exceeded the increase in the number of households, the housing shortage has been reduced, with fewer 'concealed' households forced to share. When the growth in households has been greater than the increase in homes, the shortage has increased.

In the words of Alan Holmans, the foremost housing expert on demographic changes: 'The stability of the increases in households through changes in headship rates, notwithstanding very different increases due to population and different increases in the housing stock, tells against the increases in households having been strongly influenced by the growth in the housing stock. The increase in households can therefore be interpreted at national level as a largely autonomous influence on the demand and need for housing' (Holmans 1995).

Another objection to house building is that: 'There is no more land left to build on'. A government study in 1995 showed that the urban area of England was 10.6 per cent and would increase to 11.9 per cent by 2016. Areas of outstanding natural beauty make up 16 per cent of the countryside, 21 per cent is designated as green belt land and eight per cent is covered by national parks. The growth in the productivity of agriculture and the increasing share of food imported from abroad has reduced the requirement for agricultural land (Bibby and Shepherd 1996). The green belt has played a valuable role in restricting outward expansion into the countryside. However, greenfield sites in southern England include a significant amount of low quality land with little useful agricultural, recreational or environmental purpose. There is significant scope for building new homes on this land, provided they are built in the most appropriate areas, although this should only be done if there are no suitable brownfield sites available.

In the past, new housing has been criticised for poor quality and design: too few affordable homes, too many expensive executive developments; ungainly urban sprawl and loss of green fields. Whilst at times these criticisms have been unfair or exaggerated, it is essential that future homes meet the best possible standards and are developed to meet the widest range of needs: new houses should be well-designed and constructed; homes should be available to buy and to rent, including options for shared ownership; they should be in inclusive,

socially-mixed communities; and they should be sustainable, combining the highest achievable standards of energy use, waste disposal, use of natural materials and use of land.

Reforming London's housing market

There is a serious shortage of affordable housing across the whole of southern and eastern England, with the problems especially severe in some rural areas and the employment 'hotspots' such as Cambridge and the M4 corridor. There are also shortages in some areas of the Midlands and in northern cities such as York and Chester. The most acute problems, however, are in London, where there is not only a growing shortage of homes, but a seriously dysfunctional housing market.

The recent report of the Prime Minister's Strategy Unit has warned that 'if historic trends continue, new households will significantly exceed new dwellings'. It stresses that: 'Pressure on housing is a particular problem for London's public sector and key workers, who have less purchasing power than their private sector counterparts, and there may be serious social and economic consequences for London if the wage gap continues to widen. Public service workers in London have less purchasing power than their private sector counterparts, and lower purchasing power means that public sector workers have less choice over where to live... There may be serious consequences if the wage gap continues to rise. There are already recruitment and retention problems in key public services' (Strategy Unit 2003).

If the bid for London to host the 2012 Olympics is successful this may be yet another challenge. The prospect of the Olympics is likely to attract people, especially young people, to move to London. Existing low income residents in east London, however, will only experience the disruption caused by preparing for the Olympics, without sharing in the benefits. This makes it even more necessary that action is taken to increase the provision of homes in London and to create more opportunities for people who want to move out to do so.

The current regional planning guidance for London, as for the south east and east of England, falls short of the estimated need because it fails to take account of the backlog. The failure to provide for this has for years been one of the most serious omissions in planning policy. The 'backlog' is actually the housing crisis which we see around us: the

thousands of homeless families spending years in temporary accommodation and the single people with nowhere to stay but friends floors or in emergency hostels. Leaving it out of the estimates of need is rather like a hospital ignoring its waiting list and only planning to carry out operations for people who become ill in the future.

The Mayor's Draft London Plan made an important step forward in providing a strategic housing plan. A key policy is the target that 50 per cent of new homes must be affordable, including the provision that 15 per cent should be for the growing 'intermediate market' of people on moderate incomes who cannot meet the full cost of market housing. Other important policies were the aim of promoting socially-balanced communities and the requirement that all boroughs must meet the targets in the Plan.

The Plan proposed a 'minimum target' of 23,000 new homes based on the latest Housing Capacity Study and the regional planning guidance. At the Examination in Public the Mayor's representative stressed the aim of achieving more homes, provided the new housing capacity study showed this was possible.

The report of the Planning Inspector, published in July 2003, concludes 'that the Examination in Public's testing has shown the figure of 23,000 is an under-provision against probable need. It is inconsistent with the stated aim of accommodating London's growth within its own boundaries'. The Panel therefore recommends that it should be amended to provide that the Mayor will seek the maximum provision of additional housing in London towards achieving an output of 30,000 homes per year over a ten-year period.

In reaching its conclusion on the target for new homes, the Panel also says: 'The approach to meeting the backlog of unmet need is important... What is clear in the London case is that unmet need, estimated by the Housing Commission at 112,000 represents a large and growing historic need which includes people for who have had housing problems for many years' (GLA 2003b).

The recommendations of the Panel are very significant. It is the first time that a target that 50 per cent of new homes should be affordable has been accepted by an independent Planning Inspector. It is also the first time that the need to tackle the backlog of need has been so firmly endorsed.

Achieving the new target of 30,000 homes a year will be difficult. It will require the use of all appropriate sites, achieving higher densities

where this is consistent with the criteria for Sustainable Residential Quality, and the Housing Corporation being given adequate funding for supporting the development of affordable housing. If this is not achievable, it will be essential to provide more of the planned growth in housing outside London, if the housing shortage is to be reduced.

The policies in the London Plan are important and welcome. However, the London Plan is a strategy for spatial development not an overall housing strategy for London. What is needed is a wider strategy. Key policies needed include acquiring or building more social rented housing in outer London and in the home counties, enabling those low income non-working tenants who want to move from housing estates in inner London to do so. This would free up accommodation for public service workers and other younger people with jobs.

The Government has recently brought in a change to the rules on capital finance for local councils which open the door to these changes. Under the previous rules local authorities were only free to use 50 per cent of the receipts from the sale of capital assets, and only 25 per cent of right to buy receipts. The rest must have been used to repay debt. Under the new rules local authorities will retain 100 per cent of the receipts from voluntary sales, so that they can plan strategically how they use their capital assets to meet their policy priorities. They need no longer be so constrained by the housing stock they currently own and can escape from a mind-set that sees the current character of socially-rented housing stock as somehow immutable. If they choose, it will be possible to sell unpopular flats and buy houses with gardens or to sell smaller dwellings to meet an unsatisfied demand for large family houses.

These arrangements open up new opportunities, especially where the market value of flats on housing estates is greater than the cost of homes where many tenants might prefer to live. It would be possible to offer an existing tenant the chance to move away, instead of waiting to sell a vacant property. There are many older people who may wish to move out if they had a chance to decide where they would go. So why not let them choose a bungalow by the sea? Or a flat or small house close to where their grown-up children have moved?

Often such tenants are under-occupying a family-sized flat, where they have stayed after their children have left home. By moving they can free it up for a family to move from an overcrowded smaller flat. The council can pay for the property they have bought by selling the smaller

flat to a first-time buyer needing somewhere close to their work, possibly a key public service worker. And they can let a higher share of vacant properties to homeless families without increasing the overall proportion of low income tenants. There would be no net capital cost to the council, but three households would have benefited: the older person moving out, the overcrowded family getting a transfer and the new homeowner.

One obvious question about such a policy is whether many people would want to move out. Could such a policy work without coercion? What resistance would come from the 'receiving' areas to people coming who might put demands on their welfare services without bringing much spending income?

There are over 830,000 householders in London renting from councils and housing associations, the great majority on low incomes. These tenants have no alternative to socially-rented housing, but only a small proportion have jobs which depend on them living homes in London. The most recent *Household Survey* found that 35 per cent of residents would move out of London if they could, including 38 per cent in the lowest income bands (GLA 2003a).

The old Greater London Council Countryside and Seaside Homes scheme is a notable example of how successful such a scheme can be. Over a number of years the GLC acquired or built 5,000 homes for older tenants to move out of their existing dwellings. Many of these were in bungalows by the sea, other were houses or flats in all parts of the country. It was enormously popular, but sadly ended with the abolition of the GLC in 1986.

The recent experience of the London boroughs' 'LAWN' scheme (London Authorities with the North) has surprised many sceptics by showing that significant numbers of tenants – as well as homeless families – are willing to move to homes in 'low demand' areas in the midlands and north. It is likely that a scheme which made it possible for tenants to have a wider choice of where they would like to live would be very popular.

One of the proposals of the Mayor's Commission in London was to aim for a better balance of owner-occupied and socially-rented housing in London. At present five London boroughs have over 40 per cent of their housing which is socially rented. Thirteen have between 20 per cent and 39 per cent. Fifteen have less than 20 per cent, all of them outer London boroughs.

Those boroughs with most social housing are also those with the greatest deprivation. There are powerful arguments for increasing the share of rented housing in outer London, especially by acquiring more street properties; reducing the share in some areas close to the centre; and giving priority to providing more affordable homes for people working in key public service jobs.

An example of how this might be done is provided by the new socialist administration in Paris, which has recently adopted a policy of requiring all districts to provide a minimum percentage of affordable housing and of acquiring properties on the market to achieve this. This includes a requirement that the public authorities should by law have the first option to buy homes that are for sale.

Reducing inequalities in housing wealth

The proposals for increasing housing supply are a key element in the reforms of the housing market highlighted in the Chancellor's five economic assessments, leading to lower house prices and greater stability in the housing market. What are also needed are changes which will reduce the under-taxation of home ownership and the acute inequalities arising from the ownership of housing equity.

Inequalities of wealth in Britain are far more acute than those of income. The number of people with no assets at all has doubled over the past 20 years – from five per cent to ten per cent. People who rent their homes are more likely to be among the asset-excluded, as they own no housing wealth. IPPR's work on 'asset-based welfare' has highlighted the fact that the most substantial inequalities in society are not simply between different income groups, but between those who own shares, pensions and housing and those who rely solely on wages and/or benefits (Regan 2001).

Asset-based welfare starts from the premise that ownership of assets can positively affect an individual's well being and lead to wider social and economic benefits. For example, people who have assets are more able to take up opportunities such as enrolling in further education or coping with life changes such as having a baby, changing jobs or getting divorced. It is also argued that asset-holding can have a wider effect on individuals. The IPPR report *The Asset Effect* (Paxton and Bynner 2001) cites research findings showing that the holding of assets leads to a wide

range of benefits over time, including improved educational attainment, better labour market performance and improved health.

In order to achieve greater equity in sharing the benefits of housing wealth and to reform the housing market, major changes in policy need to be examined. These include ending the policy of exemption from inheritance tax on ownership of first homes; introducing higher tiers of council tax on more expensive properties; levying full rates of council tax on all second homes, with discretion to impose higher rates in areas of severe housing shortage; reducing further discounts on right to buy; and using levels of stamp duty as a means of regulating the levels of house purchases and sales.

These changes are also very relevant to the reforms suggested in the Chancellor's assessment that the UK housing market as it currently operates is a major barrier to entry into the single currency. In particular the studies show that house prices are higher in the UK than in Germany and France, two of the most comparable economies, as a result of under-supply of housing in relation to demand and the very favourable tax treatment of home ownership, especially in relation to higher properties.

3. Tackling concentrations of poverty

The IPPR Forum on the Future of Social Housing looked at the characteristics of sustainable communities. Their conclusion was that 'a key factor in successful communities is avoiding high concentrations of very poor people and we therefore advocate policies which create a mix of incomes within an area. Large estates fail because policies over time have led to high concentrations of economically inactive people, often accompanied by high child density and many vulnerable people' (Social Housing Forum 2000).

The Forum recognised that, given the current tenure polarisation, in practice a mix of tenures is often the most effective way of achieving a mix of incomes within a community. A MORI poll commissioned for the project showed a striking level of support for mixed tenure neighbourhoods. Nearly half of respondents said they would prefer to live in an area where there is a mix of tenants and owners, 47 per cent where most people own their homes and only six per cent in an area where most people rent.

The distribution of housing tenures since the war has been profoundly influenced by the form in which it has been developed. Successive policies have meant that low income households are most likely to live in the less desirable homes in inner urban areas. One key factor has been the powerful forces which have resisted proposals for building council homes in the suburbs or areas beyond the urban boundaries.

In the post-war years the supporters of council housing saw it as a tenure which would house tenants from a wide range of backgrounds and income. However, as more people choose to buy the social composition of council housing became narrower. This trend was accentuated by the mistakes in public housing programmes and the effects of the right to buy. Whatever may have been the policy aims in the past, it is now inevitable that socially-rented housing in the future will be occupied primarily by people on low incomes and vulnerable households.

The arguments are often put about the 'residualisation' of council housing. Similar developments to those experienced in this country can be seen across Europe and North America. The most significant for Britain is the experience of Sweden, which is often seen as the home of the social democratic dream.

A study by Peter Hall of Stockholm, Sweden's largest city, showed that for 30 years after the last war a massive programme of building new socially-rented homes was able to house most middle and low income tenants. 'The core of the system was public housing available for all without means-testing, so neither stigma nor segregation was built in: the goal of the housing policy was good quality, modern housing for all at a reasonable cost. Means testing was specifically rejected for fear that it would lead to stigmatised category housing' (Hall 1998).

However, as their incomes rose, many of the middle class people opted for lower density private homes outside the city boundaries. The housing estates within Stockholm began to experience similar problems of falling demand and social polarisation as in Britain: 'It simply attested to the fact that once they were offered the choice, most Swedes wanted to be owner occupiers: surveys in the 1970s reaffirmed the fact that 90 per cent of people preferred single family homes.'

An alternative model of social housing

Over the last 40 years there has been another significant strand in the development of social housing. The scale was much smaller, and it tends to be ignored in the debates about the problems of social housing, but understanding it is crucial in the development of future policies.

In the late 1960s a new wave of charitable housing associations was created. They bought up dilapidated inner city properties and converted them into homes for families in desperate housing need. A few years later a number of local authorities, especially in inner London, embarked on major programmes of 'municipalisation', buying street properties – and some blocks of mansion flats – mainly from private landlords and then renovating them to provide self-contained flats or small terraced houses.

Some of these neighbourhoods now provide striking examples of vibrant, socially-mixed communities, which can include middle class owner-occupiers and tenants of councils, housing associations and private landlords, with no visible difference. Despite the escalation of house prices and the gentrification of many of the most desirable areas of inner London, many low income households are able to live in these communities. The local schools are able to draw children from a range of social backgrounds, and local shops remain viable and can sell a range of products meeting the diverse demands of their customers.

Because these homes are not visibly identifiable, their scale is often not recognised. In Camden, for example, there are approximately 7,000 local authority tenants in street properties or mansion blocks bought from private landlords, living side by side with owner-occupiers, leaseholders and private tenants.

Gillian Tindall has described one area of Camden in her fascinating history of Kentish Town, the area where she lives: 'One change of council policy in the last few years in Camden is doing much to bridge the widening gap between council tenant and owner-occupier. Many of the houses originally acquired in the early 1960s with a view to demolition are now being done up and re-let to council tenants, which pleases both the prospective tenants and middle-class conservationists. The numbers of 19th century houses now in council ownership is far greater than a casual observer would suppose' (Tindall 1977).

In his study of London, Gerry White has drawn a similar conclusion, writing that 'where people are living in the same street of owner occupation and private renting, mixed with some council-owned "street" properties, this has proved a more dynamic, adaptive and tolerant environment than the council estate. The mixture of classes seemed to make it easier to cope with a mixture of races, too' (White 2001).

Another example comes from the Royal Borough of Kensington and Chelsea in London. In the 1960s, this area was deeply polarised between the affluent south and the impoverished north. North Kensington was one of the greatest areas of housing stress in the country. It was in the heart of the area notorious for Peter Rachman's ruthless racketeering, with its problems documented graphically in the Milner Holland report on London's housing (Milner Holland 1965).

In response to these problems a new wave of community organisations and housing groups, including the Notting Hill Housing Trust, the Notting Hill People's Association and the Notting Hill Community Workshop emerged to campaign for radical change. The battle over the future of a group of properties in Colville Gardens became a symbolic focus, culminating in the council's backing for plans for a local housing association to buy all the houses in the street to prevent the eviction of the tenants. Within a few years the housing associations became the largest landlords in the area. Much of North Kensington today is a mixed tenure, multi-racial and socially-balanced

community. Unfortunately the escalating house prices of the last decade have stopped housing associations buying more properties, only the very rich can afford to buy properties for sale, and the area is becoming polarised. Yet the poor have not been driven to out to make a one tenure enclave of the affluent as seemed likely 40 years ago.

London's North Islington in the late 1960s was also one of worst area of housing stress in the whole of England. Some housing was being redeveloped to build new council housing estates, but leaving most private tenants living in poorly equipped, multi-occupied and insecure housing. The North Islington Housing Rights Project led a campaign to persuade the council not to clear these properties but to buy them so they could be renovated for the benefit for the existing residents.

In the Landseer and Alexander Road area the council served compulsory purchase notices on all the houses where the landlords failed to comply with an ultimatum to carry out the improvements needed, and after a public inquiry, 170 properties out of 360 in the area were acquired by the council. A small square was made into a small park, trees were planted down each street, all the properties were modernised, and today home owners and tenants live side by side, with nothing to distinguish the different tenures (North Islington Housing Rights Project 1976).

At the same time the Holloway Tenant Co-operative opened its office in the area. Its multi-racial membership comprised tenants living in privately-owned properties in the area, mostly living in insecure furnished lettings. The Co-op bought vacant properties and renovated them for members in the greatest need. Today it is the largest housing co-op in the country, with 500 members across four wards of North Islington. Books have been published to record its history, and its work has been discussed in national social policy debate. Yet the co-op is invisible. None of its properties can be distinguished from the one next door. They simply fit into the diversity of tenures in every street.

Key goals

There should be three goals to successfully tackle concentrated urban poverty. Firstly, to reduce the proportion of low income households living in the most disadvantaged areas; secondly, to reduce the percentage of social housing tenants living in the least popular flats;

and thirdly, to enable tenants to have a greater say in where they live, including being able to choose the properties to be acquired or built. Making these changes must be a key element in tackling the concentration of urban poverty.

The Commission for Architecture and the Built Environment (CABE) recently published the result of a MORI poll asking over 1,000 people where they would most like to live from a selection of images of houses. The two most desirable housing types were the bungalow (30 per cent) and the village house (29 per cent), followed by the Victorian terrace (16 per cent) and the modern semi (14 per cent). Nobody put a tower block, low rise council housing or modern social housing flats as their first choice. The council tower block was overwhelmingly the type of housing where people least wanted to live.

These aspirations were robustly rejected by the Chief Executive of CABE who declared 'people may want to live in bungalows, but the reality is that this is simply not possible. There would be none of our green and pleasant land left. The solution is to build at higher densities on brownfield sites'. That answer sounds uncannily like an echo of those voices who insisted there was no alternative to the tower block a generation ago. Of course, it would not be possible to provide everyone who wants it with a single storey home in London. The so-called 'reality' though is that many homeowners are able to choose a bungalow or a village house, if that is what they want. To a much greater extent it is tenants who are denied this possibility.

Of course, there are constraints on what homes people can have, especially in high demand areas, but they need not be as extreme as those which apply at present to those on low incomes. There are realistic policy options which would enable more older people to move to bungalows, village houses and terraced or semi-detached houses in urban areas.

One means of breaking the concentrations of poverty is through the development of more mixed tenure neighbourhoods. This is not an end in itself, but it can be a valuable means of helping to develop more balanced and sustainable communities where people want to live. To date policies for developing more socially-mixed communities have tended to focus on two sorts of activities. The first is integrating housing for sale and rented housing in new developments, a practice which is increasingly being adopted by housing associations and required by local

authorities through policies for requiring the inclusion of affordable housing in new developments (Joseph Rowntree Foundation 2000).

The second is reducing the proportion of poorer households in existing estates, especially by bringing in more economically active households. Such policies are appropriate in areas where there is not an overall housing shortage. Their drawback in high demand areas is that they exclude those in the greatest housing need.

What is necessary to achieve more socially-mixed communities in these areas is for some low income tenants to move out, and to use the homes freed up for newcomers from a range of social and economic backgrounds. These may include people working in public services, young people wanting flexible accommodation close to urban centres; students in higher educational institutions and people newly arrived in London to take up jobs.

Transforming the shape of social housing

At present it is almost universally accepted that there is no way of increasing choice for people on lower incomes in areas of housing shortage without a massive increase in the supply of affordable new homes. There is also a widely-shared concern that policies for increasing choice can lead to still greater inequality and social polarisation. In fact, there are opportunities for increasing choice and equality within the existing housing stock, as well as by new development.

The form which social housing has taken in Britain was not inevitable and nor is it immutable. It would be possible for local authorities to change radically the make-up of the properties they own, if they believe this is desirable in order to reduce the stark inequalities that have developed, and to respond better to the aspirations of their tenants. Equally, it would be possible to change the pattern of tenure across cities, so as to increase the share of socially-rented housing in outer, suburban areas and to reduce it in the inner areas.

One area where such a policy could have a significant impact is where the opening of the Channel Tunnel link at St Pancras and the development of the Kings Cross railway land will provide the biggest development opportunity in central London for many years. Camden Council have drawn up a strategic planning framework, with policies for a high quality, mixed use development, including 1,000 new homes, of

which 50 per cent must be affordable. That approach is consistent with the recommendations of the Mayor's Housing Commission and Draft London Plan. The danger is that the end result will be a fragmented and unbalanced community. Half the new housing will be occupied by owner-occupiers in expensive executive homes and a third by low-income families and single people.

The policy is that 15 per cent should also be for key workers, especially in public services, but this is likely to be the only housing accessible to people on middle incomes. And surrounding the new development will be the housing estates of Somers Town, Kings Cross and Caledonian Road. These are some of the most deprived neighbourhoods in inner London, with many residents who are retired, unable to work or without the skills to compete for the new jobs that will be created.

Re-structuring the pattern of housing tenure could be a way of developing a more socially-balanced community, as well as extending choice and enabling more people to live close to where they work. A first step would be to ask all the current tenants, especially non-earning households, if they would like to move to a rented home away from the area, and if so enable them to choose where they would like to live.

The flats freed up could be used for people who need affordable homes close to their work, such as staff working in the 24-hour services generated by the new station and nurses, porters and doctors at University College Hospital. More radically still, the local councils might decide to sell some of the flats on the estates where people move out on the open market, and use the money to buy street properties elsewhere in the borough, or even in an area of outer London.

A choice to rent

Differences in choice have been one of the greatest causes of inequality between home owners and tenants. Whilst home owners are able to choose where they live, within the limits of what they can afford, social landlords have decided what homes prospective tenants are offered. The language itself tells the story. Homes are allocated by the landlord, not chosen by the tenant.

In the last few years a number of local councils have begun to adopt what are known as 'choice-based' lettings. With support from

the Government more than 20 local councils are promoting schemes where homes are advertised and people can choose which homes to apply for. Some other councils and housing associations are also developing their own schemes independently of the Government initiative.

Although the formal evaluations of the pilot schemes have not yet been made, the results to date are very positive and, in some instances, remarkable. In Bradford, for example, the council set a target of increasing lettings to members of black and ethnic communities by at ten per cent a year until they redress the previous serious underrepresentation in their social housing. The most recent analysis shows that lettings to black and ethnic minority applicants have already increased by 68 per cent since March 2002 (*Inside Housing 2003*). In view of their success, the Government should now be expecting all local authorities to adopt choice-based lettings schemes.

The limit of such schemes, however, is that in areas of housing shortage only a small number of applicants can obtain the accommodation they want. Their choice is also limited to the properties already owned by local authorities or housing associations. A more radical idea is for social landlords to give people an opportunity to choose where they would like to live, without limiting it to what they already own.

This is what the Ridgehill Housing Association, a stock transfer association in Hertfordshire, has done. With the support of the Housing Corporation, they developed the idea of 'a choice to rent'. Instead of offering the family with top priority on the housing register a vacant property that the association already owned, they invited them to go to an estate agent and choose where they would like to live. The cover of their annual report shows the result: an attractive two-bedroom house, bought for £128,000 in Borehamwood. It was done within the normal cost limits and more quickly than the average purchase of an existing property.

The aim of the 'choice to rent' policy at Ridgehill is to empower tenants by giving them the opportunities to choose their homes. It has the potential to be a very liberating policy for many tenants, but it could also contribute to wider strategic aims of re-structuring the pattern of housing tenure and developing more socially mixed communities.

New Regional Housing Executives

It will be difficult to achieve these goals under the current arrangements for social housing. Local authorities' activities are restricted by their geographical boundaries. Registered social landlords now comprise a diverse range of stock transfer properties and homes from past development programmes. Neither have the structures or the powers to spearhead the huge programme of purchase and sales which will be needed.

To enable this programme to happen the Government should create new Regional Housing Executives to oversee it. This would fit well with the Government's plans for strengthening regional government, including election of regional assemblies. For London and the South East there is a strong case for one body to cover this area, in order to provide the single responsibility for the wider metropolitan region which has been lacking in the past and a major cause of the housing inequalities which exist.

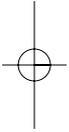
The Regional Housing Executives should in some respects have similar powers to the Northern Ireland Housing Executive (NIHE), which has had statutory responsibility for housing in the province for the past 30 years. However, unlike the NIHE, local authorities and other social landlords should retain responsibility for the management of housing, and be commissioned to develop, acquire or sell properties as needed. The executive would be responsible for the overall strategy and the local authorities would develop their own housing strategies within this framework. These arrangements would also match well with the proposals for strengthening the role of regional economic and planning policies and integrating these with housing policies.

The goal of a 'well-integrated mix of decent homes' will not be achieved if it is limited to new housing developments. It will require a far-reaching re-configuration of the pattern of housing tenure, diversifying ownership on single tenure social housing estates and enabling social landlords to acquire homes to rent in neighbourhoods of predominantly private housing. So far as possible existing tenants should be able to choose where they want to live, within reasonable price limits. This policy must not be confined to inner urban areas, but across suburbs, freestanding towns and rural communities.



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Such policies may appear to mean a huge upheaval in the housing market, so it is important to see it in perspective. In 2001 there were 1,327,000 residential property transactions in England and Wales. If as many as 100,000 properties were bought in a year so that social housing tenants could move, this would still represent less than eight per cent of all sales.



Conclusions

Housing poverty is now the most extreme form of social inequality in Britain, with those who experience the greatest inequalities being those living on housing estates in deprived housing areas.

This pamphlet has shown that there are policy choices which can dramatically reduce the scale of inequality. They can also achieve a significant number of other objectives: create more socially-balanced and sustainable communities; make housing markets work more successfully, both in areas of high and low demand; and increase housing choice, especially for low income tenants.

There will almost certainly be opposition to increasing the number of new homes built in southern England so substantially and to housing more social housing tenants in the suburbs and outside urban areas. Those residents have no right to deny other people the opportunity to enjoy the quality of homes that they already have.

There may also be an unwillingness by local authorities and housing associations to adopt such a radical overhaul of the current shape of social housing. The hard truth, however, is that past policies have not worked and will not work.

Huge efforts have been put into rescuing the worst housing estates, although too many initiatives have been piecemeal and shortlived. More can be done through putting more resources into improving physical conditions, into good quality management, and to sustaining vulnerable people in their tenancies. Yet even if this is done the fundamental problems of concentrated poverty will remain. Housing large numbers of poor and vulnerable tenants on single tenure estates is a recipe for failure.

At heart this is an issue of equality and social justice. What this report has shown is that the growth in housing inequality was not inevitable. It has been the outcome of policies and actions that have consistently benefited the better off and increased social divisions. If we fail to reverse these trends, it will not be because it was impossible, but because the choice was made not to.

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