Housing for a better Nation

Sarah Glynn
August 2014
## Contents

3  
Summary

4  
Introduction

5  
Housing and the Economy

8  
Moving Housing Provision away from the market

9  
Land

10  
Investing in Public Housing

13  
Managing Public Housing

15  
Owner Occupation

17  
Empty Homes and Second Homes

17  
Private Renting

18  
Housing Benefit

18  
Planning for Environmental Sustainability and Good Places to Live
Housing for a better Nation

Author

SARAH GLYNN is a Lecturer in Sociology at the University of the West of Scotland and a registered architect. She writes and campaigns on housing, and edited (and wrote half of) Where the Other Half Lives: Lower income housing in a neoliberal world (Pluto 2009).
Summary

Good housing needs more than good housing policy: housing policy needs to be part of wider social changes towards a more equal, community-centred, environmentally sustainable society, but good housing policy can make an important contribution to those changes. Economic considerations remain key, but we need to transcend the destructive veneration of GDP.

This paper outlines a radically different approach to housing policy. It also looks at immediate improvements that will be steps on the way to more fundamental transformation.

Ensuring the provision of decent housing should be the defined purpose of housing policy.

Ensuring the provision of decent housing should be the defined purpose of housing policy. Good housing is essential to the good life. But housing is also integral to the wider economy. Investment in housing brings widespread economic as well as social returns, so is money doubly well spent.

Housing and the economy – public investment and restriction of speculation

There is a compelling economic case for public investment in housing and for restricting the use of housing for speculation.

A strong economy needs a well-housed workforce; and the social consequences of bad and overcrowded housing and high housing costs have huge indirect economic implications. Expensive housing has also led to unprecedented levels of personal debt, and it has soaked up billions of pounds that could have been invested in the productive economy. In contrast, money spent on housing construction and upgrading boosts local economies and jobs, and public investment in construction can contribute to economic stability. So public investment in good affordable housing brings returns across the economy (and way beyond the direct return in rents).

The current focus on housing as speculation fails to provide the homes people need, pushes up housing costs, encourages bad design and short-termism, concentrates wealth among a small elite, and has brought economic crisis on a world scale. (All of which is exacerbated by demand side subsidies.) An effective housing policy would restrict the use of housing as speculative investment.

We need to move housing away from the market, and this means a major shift of focus towards social and environmental priorities.

Land – taxation and regulation

Land forms the major element of property speculation. We need to increase public land ownership and to regulate use of land that is not publicly owned so as to minimise speculation and maximise social and environmental benefits. Land Value Tax allows increases in land value to benefit everyone. Combined with a strong, democratic and transparent planning system, it can promote the most beneficial use of land, and reduce land speculation.

Publicly-owned rented housing – investment, availability, local and tenant-led management

Public housing eliminates the speculative element while providing affordable and secure tenancies. We need major government investment in new and upgraded public housing so that it becomes a tenure of choice for all who want it. Investment in public housing is also investment in jobs and a stable economy, and it facilitates long-term planning.

Immediate steps should include the final ending of Right-to-Buy and also other privatisations, a stop to the demolition of basically sound homes, and an end to the use of the Housing Need Model, which serves as a mechanism for reducing social housing and promoting demolition.

Improved and extended public housing can be achieved through the council system – but with a new approach to management and freedom for tenants to personalise their homes. Management needs to be locally-based, and should encourage tenant involvement. It would be part of a three-tier structure: democratically-elected council ownership would control overall planning across the city or region - and cater
to the needs of future as well as current tenants. Locally-based management with active tenant involvement would see to day-to-day maintenance and specific problems. A strong independent tenants' voice would help to keep the system in check.

Home ownership – taxation and mortgage regulation

The aim of these proposals is to prevent home ownership being used as force for increasing inequality and to achieve a genuine tenure neutrality in which a person's housing tenure no longer determines their life chances. Home ownership is not – as has been portrayed – a natural aspiration, but has long been deliberately promoted and subsidised by government. Good available public housing would remove the imperative to get on the housing ladder in order to get a home, and fiscal changes would restrict the use of homes for speculation. These should include: ending all subsidies for home ownership, extending capital gains tax to include the home, and raising the levels of both capital gains tax and inheritance tax, as well as introducing a Land Value Tax. These would make speculation in the housing market less attractive, but would not stop investment in building new homes. Reregulation of mortgage lending (already begun under the Financial Conduct Authority's new rules) should reduce risk of default and restrict price inflation.

These changes imply an acceptance that house prices will fall and stabilise at a more realistic level. The example of Germany shows that we should not be afraid of this, while an examination of the real effects of falling house prices shows that even for existing owner occupiers these can be made generally positive or neutral.

Mortgage to rent - availability

At the same time an extension of the mortgage to rent scheme would offer owners the alternative of converting their existing home into a local authority tenancy; and good pension provision and elderly care would ensure that housing is not relied on to meet the costs of old age.

Empty and second homes - regulation and reuse

So long as some households lack decent homes we need to make sure that homes are not left empty. Empty homes legislation needs to be better funded and used to increase the stock of affordable rented public housing rather than subsidising private owners. And the use of houses as holiday homes needs to be regulated.

Private renting – regulation and public ownership

Private renting has become a major vehicle for transferring wealth to the rich, and would be progressively reduced. Controls on rents and repair, and better security of tenure can be introduced immediately, while in the long term most private rented homes can be turned into public housing.

Housing Benefit – realistic costing and rent control

Housing benefit has to be enough to cover the cost of a decent home, but rent controls would reduce the benefit bill. And the long term aim should be to eliminate the need for means-tested benefits.

Environment and community – research and regulation, targeted funding, and strong and democratic planning

Housing is a major contributor of greenhouse gases, and improvements to new, and especially existing, homes form an important part of environmental policy. Environmental concerns must inform everything from national planning to the design of individual houses. We need firmly-enforced regulation backed up by research into best practice and by information, training and education. Maximum use should be made of existing buildings, with VAT removed from building repairs and Green Deal type funding extended to cover holistic whole-house improvements.

Environmental concerns must inform everything from national planning to the design of individual houses.

Environmental demands mesh with social requirements for connected local communities and green space. Planning is key and needs to be supported by revived democratic structures and greater community involvement in order to create good places to live and strengthen social solidarity.

Introduction

We begin with a qualification. Housing policy alone cannot achieve the thorough-going improvements in housing quality, housing equality, and environmental sustainability that must be its ultimate aim. Changes in housing need to be part of wider social changes towards a more equal community-centred society driven by social rather than simply economic criteria; however they have a major part to play in contributing to those changes.

This paper sets out an agenda for the radically different approach to housing policy that is needed for substantial social change. It also looks at policies that could be implemented now - while we are still arguing the case for more radical change - that would be beneficial in themselves and act as steps on the way towards more fundamental transformation.
We are looking at a series of changes that take account of the existing assortment of house-types and tenures produced by our housing history: the large number of older buildings; the variations in size, form and comfort; and the mix of tenures, which is largely made up of private ownership (often based on private debt), social housing (council and housing association) and a growing private rental sector.

Underlying our proposals are the linked questions:

- how can housing provide a decent affordable secure base for all, and contribute to a stable economy and increasing equality (rather than inequality as at present)?
- how can housing create attractive spaces, strengthen community and contribute to environmental sustainability?

Adequate housing is recognised as a human right because housing forms a fundamental basis of human life. Ensuring the provision of decent housing should be the defined purpose of housing policy, and the creation and maintenance of the good society should be enough reason to prioritise this. However, housing policy is integral to the wider economy, so we will begin by looking beyond the moral imperative to the wider economic implications and the economic case for public investment.

Adequate housing is recognised as a human right because housing forms a fundamental basis of human life.

The need for more housing and for improvements to existing housing is widely acknowledged, and we have become accustomed to the idea that housing is in a state of endemic crisis. Audit Scotland has estimated that Scotland will need a further ½ million homes in the next 25 years, and the following statistics, extracted by Shelter Scotland from government releases, allow us to put some figures on the current crisis. In 2012–13, out of Scotland’s two and a half million homes, 349,000 were affected by dampness or condensation and 647,000 households were in fuel poverty. 65,000 households were overcrowded, 151,100 households were on local authority waiting lists, and 54% of social housing still fell below the Scottish Housing Quality standards. (A large proportion of private housing will be below these standards too, but they are only applied to the social sector.) Despite exemplary homelessness legislation, March 2013 found 10,471 Scottish households in temporary accommodation, and 2,460 of these were living in hostels or bed and breakfast hotels. Shelter Scotland’s first press release for 2014 quoted a YouGov poll they had commissioned in November that found that nearly half of Scotland’s rent or mortgage payers were struggling to make their payments, with one in five afraid that they would not be able to afford them in the coming year. These are the most obvious effects of the crisis, but the destructive impact of our current housing system runs much deeper than this.

Housing and the economy

This section sets out the economic case for public investment in housing and for restricting the use of housing as speculative investment. It shows that the return on public investment extends way beyond direct returns in rents.

An adequate supply of affordable, decent housing is an essential basis of a strong economy, while the social impacts of expensive and poor quality housing also have grave economic consequences. High housing costs have led to unprecedented levels of personal debt, and absorbed billions of pounds that could have been invested in the productive economy. This contrasts with the positive economic role played by investment in housing construction – upgrading as well as new build; while public investment in construction can make a major contribution to economic stability.

Workers need to be able to return to a convenient and comfortable home, and the next generation needs healthy conditions in which to grow up, with sufficient space in which to study. ‘Affordable housing’ has been a much abused term, but genuine affordability would mean that every household would be left with sufficient income for a decent quality of life after paying their housing costs.

High housing costs and the shortage of decent housing have major economic as well as social implications. If housing costs were lower, this would release large amounts of money to be spent on other things. Households could spend more in local businesses, including on home improvements, and those with money to spare could invest in the productive economy rather than inflating the house-price bubble. It has been calculated that between financial deregulation in 1980 and 2003 the

(1) While terms such as sustainability and community have been so abused as to have almost lost meaning, we need to reclaim them by taking them seriously. Sustainability is used here in a strictly environmental sense.
(2) According to the first UN Special Rapporteur on housing, ‘the human right to adequate housing is the right of every woman, man, youth and child to gain and sustain a safe and secure home and community in which to live in peace and dignity’. See www.ohchr.org/en/issues/housing/pages/housingindex.aspx, accessed March 2014
(3) http://wwwaudit-scotland.gov.uk/docs/local/2013/nr_130711_housing_overview.pdf, accessed May 2014
(5) www.ukhousingreview.org.uk, table 94, accessed May 2014

www.allofusfirst.org
disproportionate rise in house prices had cost the UK nearly £600 billion extra in house purchase debt – money that could have been invested elsewhere. This figure would now be much higher. The size and ubiquity of mortgage debt also constrains the government’s ability to alter interest rates and use them to dampen the cycle of boom and bust.

As house prices feed through into higher land costs, speculation in land has produced even more spectacular price rises. Speculative land-banking, in anticipation of even greater future profits, has become an alternative to house building; and high land prices have increased the cost of building social homes.

High purchase costs, along with diminishing stocks of social housing, have increased the demand for private renting that has fed into big increases in rent levels; and the possibilities for high rent returns push up house prices further. Higher rents impact on household well-being and other expenditure and are directly to blame for most of the increase in housing benefit costs.

The wider impacts of high housing costs and the consequent perpetuation of bad and overcrowded housing are extensive, and ultimately also expensive. Ill health brought on and sustained by dampness and mould, depression fuelled by poor living conditions and insecurity, struggling school-children with worried families and no-where to study, delays in setting up home and starting a family, and the spiral of complications when events tip a finely balanced household budget over the edge, all have enormous - if hard to calculate - financial costs that affect public budgets at all levels. (9)

While the existence of good housing is vital to the economy, investment in housing construction (including refurbishment) can also make a very significant and disproportionate economic contribution. The Office for National Statistics has calculated that every pound spent in construction generates a further £1.09 of business. This will largely be in the UK, as the industry uses a low level of imports. The increase in household incomes resulting from all this further stimulates the economy. L.E.K. Consulting, in a report for the UK Contractors Group, estimated that this adds a further 75p, so that the industry generates a total of £2.84 of economic activity for every pound spent directly on construction. Further, they point out that this brings in 33p in tax (at current rates), and, at times when workers would otherwise be unemployed, saves the government large sums in benefit payments. Construction is labour intensive and employs large numbers of less-skilled, as well as skilled, workers, so an active construction industry makes a big difference to levels of employment. (10)

The economic value of housing is recognised by the Scottish Government. Audit Scotland’s 2013 report on Housing in Scotland states:

Housing is important for people and communities. Well-planned, good-quality housing contributes to strong, resilient communities, and promotes economic growth. It can also have a positive impact on the quality of people’s lives. If well planned, it can help prevent additional costs to public sector budgets, such as the health service. (11)

Historically, 30-40% of UK construction has been government funded, (12) but the rest is very susceptible to changes in the economic cycle. A significant public investment in building and improving public housing could provide employment and economic stimulus regardless of swings in the wider economy, and so play a major part in economic stabilisation. To misquote a misquote: what’s good for tenants would be good for Scotland.

To misquote a misquote: what’s good for tenants would be good for Scotland.

Economic reliance on property speculation generates an unhealthy and fundamentally unstable economy. Unlike construction, property speculation is primarily non-productive and, as noted above, takes money away from the productive economy. Although house price rises can boost actual house construction, this is not the major source of profit. The notional increase in national wealth does not reflect a real overall increase in living standards, and speculation results in relatively few jobs. Large amounts of money are amassed by relatively few people, and little of this is spent in the local economy - or even paid in tax. In the UK, the US and many other Western countries, property speculation became a major economic factor after deregulation of the finance markets in the 1980s. The ease with which purchasers could get credit fed into inflated prices and this generated an expectation that prices would only get higher. In 2006 to 2008, an estimated 39% of Britain’s total notional wealth was in property. (13) Speculation in this property wealth formed part of what was essentially a pyramid selling scheme premised on ever-rising house prices. When some house prices in the United States began to fall, the pyramid collapsed, plunging the world economy into depression.

Despite this, there are widespread pressures to return to the conditions that created the crisis. Newspapers protest any restrictions on the ease with which house purchasers can

---

(7) In government documents, though more so in England than Scotland, there has been a shift in focus from social housing to affordable housing. This follows the earlier shift from council housing to social housing and demonstrates the creeping marketisation of housing policy.


(9) For more detail, see Ambrose (2005). The economic cost of poor housing has long been recognised. Ambrose (p63) records that Christopher Addison, the minister responsible for Britain’s first state-subsidised council housing after the First World War, got the Registrar General to estimate a figure on the exported health costs of poor housing to support his argument for continued investment after those subsidies were cut.


(12) Ibid Pg 7

(13) www.ons.gov.uk/ons/dcp171776_271539.pdf, accessed March 2014. Sometimes this has been given as the much higher 64%, with private pension wealth excluded. In 2008 to 2010 the proportion had dropped to 33%.
borrow money, while the UK government – and also the Scottish Government - give support for the demand side of housing in the form of help for house purchase. This does little to boost construction, but – as has been extensively pointed out(14) – contributes to rising house prices and, thus, increasing property speculation.

The UK’s uncontrolled housing market has provided a very efficient method for increasing disparities of wealth and opportunity, with long-term and indirect effects as well as more immediate ones. Inequality has been shown to have negative social effects across the social spectrum(15) and for those with least, life becomes a constant struggle. The struggle to meet basic needs saps vital energy and corrodes families and communities.

House price rises are portrayed as positive news and beneficial to all homeowners (i.e. the majority of the population), but most owners are unable to realise any gains except as collateral for often unsustainable borrowing. The people who benefit from house price rises are those who already own more property than they need to live in (or the money to invest in it); and the more they own, the more money they can make. Their gains are made at the expense of people who start off with fewer resources. Those who have lost the most include households unable to afford to buy a home, who have been left to rely on a diminishing stock of social housing or pay high rents to private landlords. There has been no rent control for new private lets in Britain since 1989, and private renting has increased for the first time since before the First World War. This has generated a growing flow of regressive wealth distribution, with tenants who are unable to purchase their own home contributing to the profits of those with property to spare.

The profit motive demands that landlords spend a minimum on repair and maintenance, charge maximum rents and make contracts that allow maximum flexibility for themselves – which means insecurity for tenants. (Most British ‘buy-to-let’ mortgages actually insist on tenants being given only short-term tenancies.) Others who lose out from the current system include families whose lives are in harness to the need to repay their mortgage, as well as those who have lost everything in the battle to pay back this debt. Being stuck in poor quality, insecure or expensive housing has serious impacts on a person’s life chances in very many different ways. As Bethan Thomas and Danny Dorling pointed out in a report for Shelter at the height of the housing boom:

A child will not easily be able to earn their way out of their social position in the future. A social position that will be increasingly determined by their parents’ housing wealth.’(16)

Over and above the gains made by wealthy individuals have been the gains made by the real estate business. This includes not only the developers of new homes and the agents who sell them, but also the huge financial services industry that supports and feeds off them, and off millions of heavily indebted individual borrowers. As economic policy has become increasingly focussed on the interests of big business, and especially business geared towards the financial sector, housing has become an increasingly important financial vehicle, with increasingly disastrous consequences for inequality.

Over and above the gains made by wealthy individuals have been the gains made by the real estate business.

This approach also has serious consequences for our built fabric and wider planning. Quality of house design and construction has been sacrificed for quick profit, and this has been especially reflected in the lack of attention given to public space and overall planning and to environmental sustainability. Development sites have been chosen to suit the convenience of the landowners and the volume builders, whose accountants expect them to churn out the same profit-optimised standard house-types regardless of local settlement patterns and landscape and of possibilities for greener lifestyles. Investment in better environmental standards is not adequately reflected in sale prices or rents and so gets low priority. Meanwhile, regeneration programmes are driven by the imperative to attract property speculation, so that instead of improving the living conditions of existing residents, they generally involve the mass displacement of poorer households, who continue to live often more impoverished lives elsewhere. ‘Regeneration’ generally results in a significant net loss of social housing, and often a fall in the total number of homes too.

From the point of view of an investor, it does not matter whether money is made through building homes for people to live in or by speculation on land and buildings. Developers may prefer to sit on large land banks rather than address immediate housing needs; and homes can be left empty if their speculative purchasers do not find it financially worth their while to rent them out before reselling them. Property speculation can prove an unreliable method of boosting construction. Even when new homes are built, this may be at the expense of demolishing others, and the size and type of homes built are dictated by potential profit rather than social need.

Besides the immediate and over-riding human implications of this market-based model, it is an inefficient and wasteful way to organise society.


The naturalisation of home ownership

A standard way of promoting free-market policies is to portray them as natural forces and not the products of human society. For many decades, the central position of the market in housing policy has been upheld through the idea that home ownership is a natural aspiration; however, this is an idea that has been deliberately promoted and subsidised by government. Even under advanced capitalism, the expectation of and desire for home ownership varies from place to place. (And in the straightened economic circumstances that have followed the 2007 crash, aspirations to home ownership have dropped in the UK.)

The promotion of private ownership has been an integral part of the wider market-focussed political agenda. It has expanded the housing market as a source of speculative profit, and privatisation has extracted money back from local authorities. Owner occupancy has also long been recognised to have strategic importance; it reinforces public support for bigger property interests and restricts workers’ ability to organise resistance by tying them to their homes and their mortgages. (17)

The emphasis on housing markets has been justified through the myth of home ownership as both natural and unquestionably desirable; however, as Forrest and colleagues have pointed out:

… in the not so distant past in Britain discussion of housing tenure was relatively unimportant. Moreover, many of the dimensions of housing which are now inextricably associated with home ownership (e.g. independence, privacy, freedom, a garden) were seen [in the 1940s] as quite separate and no more an inherent feature of owning than of renting. (18)

In order to sustain this ownership myth governments have spent large amounts of public money, so contributing to the transfer of wealth to the better-off. Far from relying on instinctive demand, they have used fiscal policy to incentivise and reward home ownership. Direct incentives have included mortgage interest tax relief, government aid to building societies, exemption from capital gains tax on house sales, improvement grants, and mortgage indemnity schemes. This government expenditure has contributed to house price rises and the consequent equality gap. At the same time, social housing has been starved of funds and relegated to poor housing for poor people. Further indirect incentives have resulted from wider economic policies, with the surge in property prices following liberalisation of the financial markets heightening the financial imperative to get on the housing ladder.

And, despite all the rhetoric, Britain is, in fact, not so much ‘a nation of homeowners’ (19) as a nation of debtors, in hoc to the financial institutions that actually own their homes. Rising house prices have hugely increased personal debt, not only at initial purchase, but also through further loans taken out against the home to fund consumer spending. When mortgage rates increase from the current exceptionally low levels, family budgets will fall apart. (20)

Moving housing provision away from the market

The focus of housing policy should be the provision of good homes, and a corollary of this is the need to restrict the use of housing as speculative investment. At a policy level, this implies a major shift of focus towards social and environmental priorities, including a shift in government spending priorities. As we have seen, money spent on these proposals would be an investment that would bring financial as well as social returns, and this should be set against current expenditure that is promoting an increasingly unequal and unstable society.

These proposals are driven by a social imperative, but they also make sound financial sense.

Our current ostensibly market-based system is actually built upon large amounts of public subsidy aimed at promoting home ownership and boosting the property industry – including large ‘regeneration’ projects where public money is used to displace poorer residents and provide investment opportunities for private developers. Our proposals call instead for public investment to be aimed at building decent homes and strong communities, which are the bedrock of a good society and also of a healthy economy. These proposals are driven by a social imperative, but they also make sound financial sense. Scotland is a wealthy country. It makes financial sense to invest that wealth to ensure that everyone has a decent base from which to work or study or bring up the next generation, and to ensure a more equal distribution of resources.

Central to our policy proposals is the need to move housing beyond the sphere of the market so as to prevent home ownership being used as force for increasing inequality and to achieve a genuine tenure neutrality in which a person’s housing tenure no longer determines their life chances. We argue that this can be achieved through the progressive convergence of different types of tenure, the expansion of

public ownership, and the universal application of socially-driven planning and regulation. Private owners can be increasingly restricted from using their homes as a source of profit; and tenants can be given affordable rents, greater security of tenure, and freedom to personalise their homes.

A housing policy that focuses on housing as homes, and on promoting housing equality, has to marginalise the use of housing for speculation. While this could be achieved by taking all property into public ownership, we argue instead for a more evolutionary process. This is not a new idea and was the subject of debate in the early eighties – just as neoliberal economics was concretising its grip. Michael Ball, in *Capital and Class*, envisaged a ‘gradual blurring of the distinction between ownership and renting’, where ‘[t] enure and how housing is paid for could become of less importance to households than styles of living and choices of built form’. (21) At the same time, Michael Harloe claimed, in *Critical Social Policy*, that ‘Socialised housing need not imply an attack on the individual ownership of housing’. (22) In an evolutionary process this would be true, but the nature of ownership would change. If private owners were increasingly restricted from using their homes to make private profit – as outlined below - while tenants were given greater security of tenure and freedom to personalise their homes, and all homes were subject to socially-driven planning and regulation, then, in the long run, the differences between ownership and tenancy would tend to diminish. Alongside this, it could be made easier for those who wished to convert homes from private to public ownership.

Well before these debates, Swedish housing policy had been based around the idea that homes of different tenures should be of similar standard and there should be no intrinsic financial advantage in living in one type of tenure over another. This was an ideal aim, but for a period it approached reality. The essential characteristics of Swedish housing policy from the mid nineteen forties to the mid seventies can be summed up as: high government spending, high-quality homes and amenities in all neighbourhoods, the aim of equality between households and tenures, increasing security and autonomy for tenants, discouragement of speculation and its inevitable booms and slumps, and an emphasis on shared amenities and encouraging a sense of community. The Swedish model was based on a complicated system of subsidised loans - which especially benefited non-profit (mainly municipal) building corporations - rent regulation, government powers to acquire land and tax land sales, and strong proactive planning. Key to its success was the level of investment in housing and in associated facilities that was possible under a high-tax, high-welfare regime that refused to idealise market relations. None of the policy regimes developed over this period achieved all that had been envisaged by their legislators, but housing policy played a very important part in Swedish social democracy, benefiting from and helping to maintain its relatively low levels of social stratification. Jim Kemeny has argued that under this system middle and upper income households showed little more propensity for ownership than did manual workers; (23) however, this balance was ultimately destroyed, despite the equalising ambitions of the 1974 Housing Act, by the continuation of mortgage-interest tax relief, which, especially in a period of high interest rates, skewed government subsidies and economic benefits massively in favour of home owners. (24) Much more recently, Danish tenants in secure social housing showed little desire to purchase their homes when Right to Buy was introduced in 2002. (25)

Under this system middle and upper income households showed little more propensity for ownership than did manual workers.

While Sweden is fast dismantling its welfare systems - with disastrous consequences (26) - Swedish housing can still provide inspiration through its numerous child-friendly communal spaces. More Nordic lessons can be learnt from Helsinki, where a proactive planning system, integrating homes, workplaces, schools and services, is strengthened by 80% public ownership of land. The plans for the expanding city are based around an efficient public transport network, everyday services are within walking or cycling distance, and all areas have easy access to green spaces – including unbroken forest – or the sea. Planned densification of existing areas promotes efficient use of land and services, and the city is buying more land as it expands. Houses of different tenure are not obviously distinguishable, an emphasis on design quality extends to the landscape details, and the aim is that no region will be left behind. (27)

These examples are far from perfect, but they can provide lessons and inspiration for the development of policies

---

(21) Ball, Michael (1982) ‘Housing provision and the economic crisis’ *Capital and Class* 60-77, p. 75
(27) ‘Indebted owners and self-governed tenants’, Global Tenant, December 2013. This is very different from the situation in today’s Sweden, where the profits to be made from the recently introduced Right to Buy have ensured its popularity with those in a position to benefit. See Hammar, Magnus (2013) ‘The Swedish Model – up till now’, Global Tenant, December 2013

www.allofusfirst.org
that can begin the evolutionary shift away from the market.

Land

The simplest way to ensure that land use is in the public interest is through public ownership – as demonstrated in the example of Helsinki. Much land is already publicly owned, and we need to ensure that it remains so. An evolutionary model needs to include ways both to increase public ownership and to regulate use of land that is not publicly owned so as to minimise speculation and maximise social and environmental benefits. When land is brought into public ownership, whether by nationalisation, local authority purchase, or a community buyout, this raises issues of compensation. Land Value Tax avoids this, while still allowing increases in land value to bring public benefit. Combined with a strong, democratic and transparent planning system, it can promote the most beneficial use of land, and reduce land speculation, which is the major element of property speculation. Initially Land Value Tax could be brought in at a relatively low level as a much more progressive replacement for council tax, but it could be extended so as to eliminate much of the speculative element from landownership.

In recent years, compulsory purchase has increasingly been used to remove lower-income home-owners from prime land and clear space for government-backed gentrification under the guise of regeneration. While we would hope to see an end to this practice, there is still scope for compulsory purchase in the genuine public interest, as in the post-war period up until 1959 when local councils could purchase land for housing compulsorily at its current use value.

However, if our aim is to ensure that land use conforms to public interests and that the benefits arising from natural geography or public investment can be shared, then ownership of the land, and the accompanying debates about owner compensation, need not be such an important issue if we had a comprehensive system of Land Value Tax and good planning controls. As with all the proposals in this paper, Land Value Tax is no panacea and would have to be part of wide-ranging social and economic changes towards a more equal society, however its advantages have been acknowledged for over a century. The failure to make it a reality is another measure of the power of vested interests.

Land Value Tax (LVT) is a regular (generally annual) payment calculated as a percentage of the value of the land alone, irrespective of the buildings or other improvements that have been made to it. That value does, however, take account of the most valuable use of the site permitted by the planning system, as well as of its natural advantages due to its geography and the value it has gained through public investment in infrastructure or proximity to other developments. When taxes are based on this value, then increases in land values as a result of public investment or of new uses permitted by the planners come back to benefit the public purse, while land owners are incentivised to make the maximum use of their land allowed by the planning rules, rather than sit on empty and derelict sites in the hope of speculative profit. This makes LVT a much more effective system for recouping development gains than other forms of land tax. Development charges, which have been tried in the past, are only a one-off payment (while LVT is paid every year), they do not capture the knock-on increase in the value of adjacent land, and they have been shown to discourage development.(28) LVT is also relatively simple to administer, and difficult to avoid or evade as land can’t be moved offshore.

Andy Wightman, in a report for Green MSPs, has shown how LVT could be used to replace Council Tax in Scotland. Council Tax is a regressive tax that disproportionately falls on those with least wealth and is particularly lenient to the very wealthy. It is therefore unsurprising that using LVT to raise the same revenue as is currently raised through council tax and business rates would leave 75% of council tax payers better off, and a further 13% paying under 1% more than at present.(29)

This example uses a relatively low level of LVT. Higher LVT rates can provide funding for infrastructure development in the public interest, which often itself increases land values. The maximum level of LVT would be what a sum equal to the value of the land could be expected to bring in if invested elsewhere in the economy. As LVT levels approach that maximum, so possibilities for land speculation dwindle to nothing and incentives to make the maximum use of their land allowed by the planning rules, rather than sit on empty and derelict sites in the hope of speculative profit. This makes LVT a much more effective system for recouping development gains than other forms of land tax. Development charges, which have been tried in the past, are only a one-off payment (while LVT is paid every year), they do not capture the knock-on increase in the value of adjacent land, and they have been shown to discourage development.(28) LVT is also relatively simple to administer, and difficult to avoid or evade as land can’t be moved offshore.

The ability of LVT to stimulate development has been demonstrated by the example of Harrisburg, Pennsylvania.

The ability of LVT to stimulate development and consequent economic growth has been demonstrated by the example of Harrisburg, Pennsylvania, where, in 1982, the relative rates of land and building tax were altered to 3 to 1, with remarkable

(27) Helsinki City Planning Department (2013) Helsinki City Plan: Vision 2050 (City of Helsinki); City of Helsinki (2012) ‘Home Town Helsinki: the goals and objectives of housing and land use planning’. Finnish social housing is, however, let at cost rents so there is heavy reliance on housing benefit.


results.(30) Wightman warns that this effect would not be significant in much of Scotland, but it could be important in places such as Glasgow with large and prominent areas of disused land.(31)

LVT is a curious tax in that it is has been promoted by both the political left and right (including Milton Friedman), but the difference is that the right see it as a replacement for all other taxes. We recognise that there are many other sources of inequality besides land wealth, and the proposal here is not, of course, for an alternative to a progressive tax on income. LVT would be part of a bigger fiscal realignment.

These fiscal changes will only work if they are combined with proactive planning that considers potential changes in land use from the perspective of the local community and broader public interest. We will look at planning in more detail in the final section.

Investing in public housing

Publicly owned rented housing eliminates the speculative element while providing affordable and secure tenancies. We propose major investment in new and upgraded public housing so that it becomes a tenure of choice, available to all who want it. We argue that this universally available provision can be fairly supported by public investment, with direct and induced returns bolstered by progressive taxation. Investment in public housing is also investment in jobs and a stable economy, as discussed above; and it facilitates holistic long-term planning.

This investment would be best achieved through the existing council system – but with fundamentally different approaches to management. It would begin with the final ending of Right-to-Buy and also other privatisations, a stop to the demolition of basically sound homes, and an end to the use of the Housing Need Model, which serves as a mechanism for reducing social housing and promoting demolition.

Historically, there have been many criticisms levied at public housing; however, the problems they highlight are the result not of public housing per se, but of public housing developed and neglected under regimes that almost always favoured private ownership. UK Public housing has always suffered from under provision, both in quantity and in quality, and from top-down bureaucratic management. Despite this, it can be credited with having achieved a major improvement in working-class living standards – especially in Scotland, where, at its peak, it provided homes for more than half of all households.(32) Our proposals address historic problems and envisage an end to the second-class treatment of public housing.

Ultimately, there is no reason why everyone who wants it should not be entitled to affordable public rented housing as a universally available service, and this would avoid the need for rationing or means testing. Universal services need to be backed up by a progressive taxations system so that beneficiaries who are better off make their contribution through higher taxes. As with health and education, a universal service can provide a force for equality and also for quality.

Our evolutionary proposals focus on a major investment in new and upgraded public housing; and also on buying up existing homes for conversion to public housing. As the pool of public housing increased, and poor quality homes were improved, this would end public housing's residualisation as a tenure just for the very poor, and help generate more stable communities. Turnover rates would be reduced, and there would be more people with the time, energy and skills to invest in their local area. We could begin to see the realisation of the Bevanite post-war vision, which saw public housing lived in by people from all walks of life (as it has been in Sweden), and which refused to compromise on quality.

Scotland has a long history of municipal housing.

Scotland has a long history of municipal housing, and a more recent history of social homes provided through not-for-profit housing associations. While small housing associations are often compared favourably with council bureaucracies, there is no reason why local organisation cannot be combined with public ownership, as we propose below. At the same time, small housing associations have tended to be swallowed up by bigger associations, which, as Peter Malpass has chronicled,(33) have become more and more subject to commercial forces and driven by the business models of their financial lenders. Council housing has the potential to be a much more democratic way of running social housing than housing associations, and has also been shown to be considerably better value for money as it is not subject to commercial norms.(34) Our proposals focus on public ownership combined with local control.

As an immediate measure, we would end the stock transfer of housing from councils to housing associations – which could save large amounts of extra expenditure in both one-off and running costs. We would also look at providing more public funding for existing housing association housing to relieve it of commercial pressures. This could be contingent on it coming under democratic public ownership, which could be achieved while keeping any genuine local management structures in place.

Under current UK law (and this is a reserved issue), if local authorities borrow money to invest in housing this counts towards public sector debt, whereas borrowing by housing associations does not. This is out of tune with the method used by the rest of the EU, the IMF and the OECD, where public corporation debt is treated the same way as private

(32) Public housing accounted for nearly 55 per cent of Scottish homes in the 1981 census.
(33) Malpass, Peter (2000) Housing Associations and Housing Policy: A Historical Perspec-
tive, Basingstoke: Palgrave Macmillan. Since publication of this book, these processes have only increased.
corporation debt and does not count towards public sector debt. (Council housing services are considered to be a quasi corporation.) The law needs to be changed to bring the treatment of Scottish local authority housing debt into line with that in other countries.

Moving away from the market would require a complete end to the Right to Buy.

Moving away from the market would, of course, require a complete end to the Right to Buy, and this has already been agreed by the Scottish Parliament. Besides removing much of the best housing from the social rented sector, Right to Buy has caused the leaching of vast amounts of public investment. Once right to Buy has gone, it will be much easier for councils to invest in building and acquiring new homes.

We also need to bring an end to other social-housing privatisations, whether these are in the form of individual sales or sales to developers. And the focus on expanding the stock of public housing (as well as environmental considerations) would imply an end to the ongoing practice of large-scale demolitions – except, of course, where there are major structural problems. Homes that are less popular can usually be improved rather than demolished, and it is important that each case is properly analysed and understood in order that plans can tackle genuine problems: so that, for example, buildings are not demolished because one of the residents has started to deal in drugs, or even because they do not currently meet environmental standards and need over-cladding (- especially perverse as demolition is very wasteful of embedded energy). As a very first step we should scrap the Scottish Government's Local Housing Need and Affordability Model, which is predicated on reducing social housing, and has served to worsen the housing crisis. Using basic assumptions that social housing should only be made available as a last resort for those who cannot afford anything else without being reduced to benefit levels, and that existing housing need should only be met at the rate of 10 per cent a year, this model has been used to justify large scale demolitions in cities with thousands of households on the social-housing waiting list.

If more funding is made available for public housing, councils can also increase their housing stock by buying existing houses, including through the mortgage to rent scheme discussed below. However it is acquired, a council's housing stock should continue to be managed as a single unit with pooled rents to prevent the development of a hierarchy of housing types.

Decent housing is a basic requirement of a well-functioning society, and investment in public housing is investment in a social good, like investment in health, education, or transport infrastructure. The post-war welfare state never fully took on the problem of housing – especially after Nye Bevan's resignation in 1951 – but we should take the opportunity to learn from past mistakes and ensure housing policy works in the interest both of better homes and of greater equality in housing and beyond. This means not being afraid to invest in building, buying and upgrading public housing. The provision of social goods is a major function of government expenditure in a social democracy, and that should be sufficient reason in itself for investing in housing. When Birmingham City Council took over the city's waterworks in 1876, the mayor, Joseph Chamberlain, told a House of Commons Committee, 'We have not the slightest intention of making profit... We shall get our profit indirectly in the comfort of the town and in the health of the inhabitants.' It would be a sad day if we cannot be at least as progressive as a nineteenth-century Liberal. Our proposals aren't designed to make a profit, however it is important also to recognise the wide economic benefits of good affordable public housing, as these enable us to make a much larger investment. As discussed above, the lack of decent affordable housing has financial as well as social costs, and the financial gains from the provision of better homes are potentially huge, even if they are very difficult to measure. Good homes and a more equitable housing provision would form the foundation for better health and life chances and better social cohesion. In addition, the building, upgrading and maintenance of the homes would provide an economic stimulus, generating local jobs and possibilities for apprenticeships, and – on a wider scale – helping to counter the impact of the economic cycle.

Money in a modern economy is not a physical thing, like a bar of gold, but a promissory note for future payment, which means that theoretically there is no limit on government expenditure so long as this generates sufficient future returns (and does not stimulate inflation by putting more money into the economy than there is increase of things to buy). Sufficient returns would be what is needed to pay a low interest loan such as could be made available from a National Investment bank. (Public housing generates good collateral and is low risk.) The financial returns from investment in public housing are both direct (rents) and induced (as discussed above). On top of this, public services and infrastructure – which should include housing – can be given additional funding through taxation in other areas.

Because incomes are currently so unequal, rents that reflect all the actual costs of building a house are beyond the reach of a large part of the population. If we are to minimise reliance

(35) National Federation of ALMOs (2013) ‘Treating Council Housing Fairly: How changed borrowing rules can help build more homes and boost the economy’, downloaded from www.almos.org.uk/news_docs.php?subtypid=24, February 2014. This rule has served as a major driver for stock transfer. It affects housing revenue accounts’ willingness to borrow, even without the borrowing caps that have been imposed on councils in England.


on means-tested housing benefit, we need bricks and mortar subsidies to bring rents down, and if we are to avoid means-testing access to public housing, then this subsidised housing has to be available to all who want it. Most of the extra cost of these subsidies will be recovered by the government as taxes on the induced economic benefits arising from construction and better housing, but any remainder can be covered through other taxation - especially Land Value Tax but also capital gains and inheritance tax. Indeed, progressive taxation should be the other side of the coin of universal services as it ensures that those with more make a fairer contribution. It also contributes to wealth redistribution and greater equality. In a future Common Weal economy, we can expect the amount of subsidy needed to fall. A flatter income distribution will make higher rents more affordable, Land Value Tax will bring down the cost of building land, and technological investment will allow the development of more efficient building techniques.

At present, social housing is built with the aid of a grant from government that covers a significant part of its cost. (39) The rest of the money must be borrowed by the local authority or housing association. Rents are then used to pay off this loan and to pay for maintenance, management and more major building work. As current grants aren’t enough there is also growing pressure to raise rents above inflation and for housing associations to get involved in also developing for profit: both of which we would want to avoid. Scottish council housing is run as a self-contained system with each council’s Housing Revenue Account expected to balance its books. (40) Income has come from pooled rents and from sales of stock (especially under right to buy). Outgoings include large repayments of historic loans, which vary greatly from council to council. All older social housing is currently undergoing refurbishment to bring it up to the Scottish Housing Quality Standards and compensate for years of deprivation under the previous Tory UK Government; but no extra government funding was provided for this. The costs of upgrading as well as the loan repayments have put council housing departments under huge financial pressures, severely limiting options for long term investment, higher environmental standards, and anything more than utilitarian improvements - and forcing rents up in real value.

However, if the Scottish Government were to find one-off funding for debt repayment and for the upgrading backlog, then rents at current levels should be enough to cover management and maintenance and future ongoing improvements. Average council rents in 2012-13 were £58.94 a week, or £3,065 a year. These are much lower than commercial rents, but had risen on average by 1% a year in real terms between 1997-8 and 2012-13. Already, around 60% of the total is paid for by housing benefits, and we would not want to see further rent rises until there was a rise in incomes at the bottom of the income scale. Average costs for management were £757 per house per annum, for repairs and maintenance £1089, and to cover losses due to voids and rent arrears £167. (41) These costs leave an average of a little over £1000 a house a year for upgrading and to go towards building and purchasing more homes. If only half went on upgrading that would leave around £150 million for new homes, enough for building only 2,000 a year not including land costs. (42) This is just a fraction of what is needed, especially if we want to see a significant increase in public housing as well as in homes per se.

In order to build more new public housing, extra money would have to be provided through a low interest national investment bank.

In order to build more new public housing, extra money would have to be provided by government through a low interest national investment bank, and a part of this would have to be repaid through taxation. (It is important to resist schemes for bringing in private investment other than through public sector borrowing mechanisms as this would reintroduce the speculative element and market demands.) Because these are government loans for homes that can be expected to last many decades, they can be long term and low interest. The financial returns on the investment would consist of the rents to the local authority (which have to be kept affordable); the one-off return from the economic stimulus of the construction (which, as discussed above, has been calculated to bring in 33p in tax for every initial pound spent); and the much harder to calculate induced economic benefits that result from better housing, stronger communities and lower-income families able to spend a higher proportion of their income on non-housing items. From this we need to subtract management and maintenance costs (and current levels should be considered the minimum), and costs of future upgrading (such as new kitchens and bathrooms, new lifts, and accommodating future technological developments). We also need to factor in the costs of buying more building land and the extra costs of buying up existing buildings.

Even with very favourable borrowing rates it is clear that contributions will continue to be needed from taxation;

(39) The Scottish Government gives a maximum of £30-34 thousand per council house (depending on its environmental specification), and calculates grants for Registered Social Landlords from a benchmark of £42-56 thousand for a three person home (depending on location and environmental specification) (see http://www.scotland.gov.uk/Resource/0039/00392609.pdf, p.10, accessed August 2014). Before 2011, when the Scottish Government made major cuts in response to cuts in Scotland’s block grant, RSL grants were for around £70,000 per home (see http://www.audit-scotland.gov.uk/docs/local/2013/nr_130711_1_housingoverview.pdf, p.25, accessed August 2014).

(40) The inflexibility of the current arrangement can be a problem as it doesn’t recognise how housing interrelates with other costs. It also produces a bias against high flats as lifts, staircase lighting and concierges come out of the housing budget, while the extra roads, street lighting, rubbish collection etc. that would result from having this amount of accommodation as low rise housing would come from other departments.

(41) http://www.scotland.gov.uk/Publications/2012/10/1219/2, accessed June 2014

(42) In March 2013 there were 318,160 council houses in Scotland, so £500 a house would total just over £150M. A building cost of £75,000 for a 2 bedroom home should be achievable with careful planning and design. Green Building for Spring 2014 reports on a project commissioned by the Welsh Government to build 3 bedroom detached zero-carbon houses for £75,000 each, though the prototype had not met the price target.
however that shouldn’t be considered a problem. Most of this will return to the exchequer through taxes on the induced economic benefits, and (as noted above) well-directed taxation itself has a positive role to play as a tool for wealth redistribution, here transferring private property wealth to publicly-owned homes for the common good.

While Land Value Tax and other wealth taxes can be used to bring in additional money, significant funds can also be made available through refocusing priorities within existing government expenditure. For a start, more public housing and less (expensive) public renting would mean less money spent on housing benefits, which have become effectively a subsidy for private landlords and a prop for high private rents. In addition, the various subsidies currently aimed at promoting private ownership and boosting private development can be refocused for the public good.

Housing benefit has become effectively a subsidy for private landlords.

These include the large amounts of public money spent on ‘regeneration’ programmes. As presently conceived, these programmes follow the usual neoliberal pattern of using public expenditure and public risk to underwrite private gain, and result in significant transfers of wealth out of the public sector. Rather than plan and invest for the local community and wider public good, regeneration programmes focus on attracting private development; and the demolition and reduction of social housing is often seen as an additional benefit. The reclamation of derelict and former industrial land is an appropriate use of public money, but the public should then be able to benefit both from the new development directly and from the economic returns, and not be left to rely on discredited trickle-down from big private interests.

Issues around ‘regeneration’ deserve a paper on their own, but focussing here on the specific issue of the demolition of social housing, we can see how it is not only perverse, and destructive of communities, but also hugely and immediately more expensive that investing in refurbishment. A report drawn up for Dundee City Council by DTZ Pieda in 2005 calculated the public subsidies that would be needed to balance the books and ensure all the council’s housing was brought up to the new Scottish standards under different scenarios. Their baseline figure, with no demolition, was £89 million. They calculated that if the council were to demolish 4630 homes, this would rise to £121 million, and on top of that, there would be another £60 million of grant subsidy for 3280 social rented homes. In addition, the various subsidies currently aimed at promoting private ownership and boosting private development can be refocused for the public good.

Managing public housing

Good management, including regular maintenance and upgrading, is integral to successful public housing. Management needs to be locally-based, holistic, flexible and responsive, and should allow for and encourage tenant involvement. We envisage a three-part structure. Democratically-elected council ownership would control overall planning across the city or region - and cater to the needs of future as well as current tenants. Locally-based management with active tenant involvement would see to day-to-day maintenance and specific problems. A strong independent tenants’ voice would help to keep the system in check.

Tenants also need to be assured of freedom to personalise their homes, so long as this is consistent with good neighbourliness and does not devalue public assets.

Few people would defend the bureaucracy that has surrounded Britain’s public housing to date. While councils vied with each other to build increasing numbers of homes, the management of those homes seems often to have been relegated to an afterthought. On top of cash-starved construction, chronic shortages of funds for repair and maintenance, and shortages of housing that have exacerbated the difficulties of allocation, council tenants have found themselves subject to top-down, distant control, that has frequently been both authoritarian and inefficient.

For some, this history of bureaucracy, with its out of touch officials, lack of tenant involvement and restrictions on individual freedoms, has been reason to condemn municipal housing outright; but there is no need for council-house management to be this way. The planning and management of public housing needs to be developed as part of a reappraisal of local democracy that devolves more choices to local communities while retaining the ability to make larger-scale strategic plans and structural decisions. It is possible to construct a localised system of management, based where people live, that would be much more responsive to people’s actual needs and much quicker in dealing with problems when they occur and before they precipitate larger problems.

For a start, management regimes need to ensure regular inspection of the buildings accompanied by thorough

---

(43) Housing Benefit is currently a reserved issue, under the auspices of the UK Government.


(45) DTZ Pieda (2005) ‘Dundee City Council – Financial Viability Study Phase 2: Final Report’. The assumption at the time was that the Scottish Executive would cover the costs, and the report (which was accessed by the residents’ group from two of the affected buildings, using an appeal under FoI legislation) was used by the council to support its case for demolition. The methodology behind these calculations is not given.

record-keeping. This may be an obvious point, but the work required to implement the current quality standards has demonstrated how little many councils were aware of the condition of their homes. What is needed is a programme of inspection and repair similar to the quinquennial system used for English church buildings, combined with local management to ensure more timely action.

As long ago as 1987, Anne Power was calling for management to be devolved to locally-based open access offices. Localised management would also need to be able to reach up through the management structure so as to try and ensure that households were allocated homes that best fitted their needs and wants, and so as to facilitate housing transfers within the system.

In addition, experiences of its use in multi-story housing blocks have shown how a full-time concierge scheme can make a crucial difference to tenants’ quality of life. A concierge is able to deal with problems quickly and in a low-key manner; and there would be scope to combine concierge and management functions, bringing greater efficiency and flexibility, and eliminating a layer of red tape.

One of the areas that has most potential to disrupt lives and contribute to those familiar media images of public-housing failure is the anti-social behaviour of a small minority of tenants. While this is clearly inseparable from much bigger social questions, sensitive local management can make a difference. Possible interventions would include relocating families known to have a serious drug problem so as to cause minimum disturbance to others, helping to negotiate in disputes between neighbours, and ensuring sensitive and tailored assistance to families overwhelmed by a weight of different problems. The possibilities and limits of intervention in this last category are demonstrated by the, much written about, Dundee Families Project. While this is clearly not the panacea claimed by its New Labour admirers, it has shown how intensive personalised attention can make the difference to some families and help them carve a way through what would otherwise be an unbearable multiplicity of problems.

This will only ever help a few people – notably those who are prepared to be helped – and needs to be backed up by properly resourced services in areas such as drug treatment; however it does demonstrate the importance of a holistic and flexible approach. This type of approach should run right through housing management, but, at the same time, management has to avoid the risks of old-fashioned paternalism.

Tenants have to be given the opportunity to play an active part.

If localised management is to succeed in meeting the needs of tenants, then tenants have to be given the opportunity to play an active part. While local authority ownership ensures a measure of overall democratic control, when it comes to local decisions on the sort of issues that often make a community work, tenants need to have a statutory organisational role. This can be achieved through Tenant Management Co-operatives. Despite some successful examples in the 1980s, and a legal ‘right to manage’ since 1994, these have so far only been taken up by a very small proportion of tenants – usually as a result of dissatisfaction with existing management and repairs. Such organisations demand a major commitment from the tenants involved, and any tenant management system needs to strike a careful balance between facilitating the setting up process and retaining necessary checks and safeguards. Lessons can be learnt from the failures as well as the successes, and a blueprint of best practice should be drawn up, which can be further refined to take account of future experience.

An evaluation of English Tenant Management Organisations carried out for the UK Government in 2002 found they were generally well managed and were especially effective in dealing with small repairs, cleaning and general maintenance, with some employing their own handyman. Although turn-outs for AGMs were not high, and it could be difficult recruiting board members, few of the organisations had failed, and they were well supported in their five-yearly ballots. The Tenant Management Organisations in the study included Co-ops where tenants constituted the whole board, and others where they were simply a majority. Sizes varied considerably, as did the organisations’ remits. Many chose not to carry out rent collections, and different systems had been worked out for influencing allocations of tenancies – which can be a sensitive issue and a potential source of friction with controlling councils. Local organisation can encourage a sense of community, and many organisations extended their remit beyond basic housing functions. Small surpluses were spent on estate improvements and community activities,
and some organisations had set up credit unions. The main difficulty identified for the organisations as a whole was ‘often problematic’ relations with council staff.\(^{(51)}\)

Of course not all areas will want, or be able to cope with, such active involvement, though as public housing expanded to a wider range of people this would change. In other places, tenant management may be wanted initially, but fail later; however when that happens homes can be taken back into full council management, which should still be kept locally based.

Some examples of successful tenant management have thrived outwith public ownership as independent co-operative housing associations where all members of the board are from the local community. Lesley Riddoch has described the achievements of one such co-op, West Whitlawburn in South Lanarkshire, where they have combined good and responsive management with wider community involvement, and engendered local pride and empowerment.\(^{(52)}\) The type of public ownership envisaged by this paper would facilitate similar developments but without the transfer of the title deeds, so if future generations of residents were unable or unwilling to become so deeply involved in all aspects of management locally-based council officers could step into the gaps. The homes would be run by co-operative tenant management, but be preserved in public ownership, and there would be no risk of their being taken over by a more commercially-focussed organisation.\(^{(53)}\)

Tenants need to be free to arrange their own independent tenant-controlled campaigning organisations.

Care has to be taken that this kind of tenant involvement does not replace and exclude more campaigning forms of tenant organisation. Anyone who has been involved with community groups will be familiar with pressures from controlling authorities to co-opt and incorporate independent organisations and close down criticism; and tenant groups have proved particularly susceptible through schemes for registration and grant funding.\(^{(54)}\) Beyond and separate from management organisations of the kind described above, tenants need to be free to arrange their own independent tenant-controlled campaigning organisations, which can act in a similar manner to a trade union, with active local branches.\(^{(55)}\) Models for this type of tenant organisation can be found in the powerful Swedish Union of Tenants,\(^{(56)}\) and also in the radical tenants’ movement that co-ordinated the major rent strikes of the 1930s.\(^{(57)}\) Independent campaigning organisations provide a vital, if little acknowledged, force in the development and upholding of progressive legislation. They cannot, by their nature, be legislated into being, but a progressive housing policy would listen to them and make space for them to function.

Public-sector houses are every bit as much people’s homes as are privately-owned houses, and should feel that way. This means, besides security of tenure, the freedom for tenants to make alterations to suit their household. These should not disadvantage their neighbours or damage the value of what is still publically-owned property, however neighbourliness should also be a planning requirement on private owners, who, in their own interests would also not want to make changes that devalue their homes.

Owner occupation

At the same time as investing in public housing, and so removing the imperative to get on the housing ladder in order to get a good and affordable home, government would need to make fiscal changes so as to restrict the use of homes for speculation. These should include - besides the introduction of a Land Value Tax as discussed above - ending all subsidies for home ownership (including through shared ownership schemes), extending capital gains tax to include the home, and raising the levels of both capital gains tax and inheritance tax. These would make speculation in the housing market less attractive, but they would not stop investment in building new homes as these, like other forms of manufacture, could still generate a profit. (Indeed, Land Value Tax can encourage development.) It is also important to have regulations on mortgage lending – such as limiting loan to income multiples and shortening repayment periods - to prevent mortgages being made by people who cannot afford them and are likely to default, and to stop the housing market being flooded by credit. The Financial Conduct Authority brought in new rules in April based on examination of household income and expenditure, but it should be possible to avoid risk without the level of intrusion into personal details that this has encouraged.\(^{(58)}\)

All these changes would need to be combined with strong regulations on planning and construction, as will be discussed in the final section.

If such action over housing speculation is to be implemented, there has to be an acceptance that house prices be allowed

---


\(^{(53)}\) An example of such a takeover is provided by Beechwood Housing Co-op in Dundee – also created from public housing in the 1980s – which in 2008 was transferred to Sanctuary Scotland when there were too few volunteers to form a management committee. ([www.dundeecity.gov.uk/housingoptions/hosanctuary, accessed March 2014; Dundee Courier 27 April 2006; and phone conversation with co-op office, 2006])


\(^{(56)}\) [http://www.iut.nu/members/Swedish%20Union%20of%20Tenants.pdf](http://www.iut.nu/members/Swedish%20Union%20of%20Tenants.pdf)

\(^{(57)}\) Glynn, Sarah (2005) East End Immigrants and the Battle for Housing: a comparative study of political mobilisation in the Jewish and Bengali communities’ Journal of Historical Geography 31 pp. 528-545

to fall and to stabilise at a more realistic level. The example of Germany shows that we should not be afraid of this, while an examination of the real effects of falling house prices shows that even for existing owner occupiers these are generally positive or neutral. Lower house prices would, however, need to be seen to be part of a well-planned and well-explained policy realignment in order not to be misread as a sign of economic failure, which could have self-fulfilling economic consequences. And this would have to be combined with good pension provision and elderly care so that housing is not relied on to meet the costs of old age.

For those finding difficulties in meeting their mortgage payments or other costs associated with owning a home, or who would simply prefer to rent, existing mortgage to rent schemes can be extended to offer the alternative of converting their existing home into a local authority tenancy.

As Peter Ambrose pointed out, ‘Housing is the only ubiquitously used commodity where price rises are universally and uncritically welcomed as a good sign.’ (59) But this common un-wisdom has begun to be challenged, and was never shared by all ‘developed countries.’ While the boom and bust of British house price rises have fed big news headlines and even bigger private fortunes, and reverberated through the British economy, house prices in Germany since 1980 have remained relatively stable, with an overall slow decline. This is no accident. It is an integral part of a housing policy focused on the provision of sufficient, affordable good quality housing. It has been made possible because the tightly-regulated rental sector provides an attractive and secure alternative to ownership, mortgages are still only available with large deposits so the market is not flooded with credit, and property taxes provide a disincentive to property speculation. (60)

A former chairman of the National Westminster Bank recalled that, on a visit to the Bundesbank, he ‘was carrying a copy of an English newspaper that displayed a headline to the effect: “Good news - another rise in house prices” [which prompted the Bundesbank President to comment] “Over here, that would be bad news.”’ (61) With so much less money going to inflate property prices, there are much greater possibilities for alternative investment - including in significant environmental improvements to German homes.

Germany demonstrates that it is not necessary for house prices to rise, but we do not underestimate the potential resistance

to acceptance of such a radically different view. Indeed, property owning interests have encouraged this resistance and promoted the idea that every homeowner benefits from the price prices. (62) As Ambrose observed:

All recent governments have shown themselves to be wary of the perceived electoral sensitivities of the healthy homeowners of middle England. In particular, negative equity is seen to be unacceptable in any form. However, the consequences of this position are unsustainable. For negative equity to be avoided, homeowners must be effectively subsidised in perpetuity. The current assumption appears to be that homeowners have a right to profit from rising prices but no corresponding duty to carry the risk of a price fall. This also implies that current owners have a right perpetually to extract wealth from first-time buyers, that speculators on the housing market have a right to keep all their winnings and a right also to state compensation if they lose. It is hard to imagine how any other group demanding such a settlement would be treated. (63)

House prices and rents in most areas are recognised as too high – in some places much too high – and rising prices are damaging our society and our economy: yet UK governments have been desperate not to let prices fall. But what would happen if they did – if a new policy direction brought prices down to more affordable (and stable) levels and narrowed the differences between different places? This would clearly be beneficial for those currently struggling to buy or rent, but what about current home owners?

UK governments have been desperate not to let prices fall.

Most people use their homes to live in, and when they sell use the money to buy another home, so the paper value of their home is generally irrelevant. Even if this put them into negative equity this should not theoretically make a real difference. Most mortgages are supposed to be portable. Legislation would have to be put in place to ensure an existing mortgage could be transferred to a new home if people wanted to move and that this would not be used as an excuse to reassert existing agreements. They would then still be paying off the same sized debt. For those trading up and moving to a bigger or more

(59) Ambrose, Peter (Ed) (2005) Memorandum to the Prime Minister on Unaffordable Housing, London: Zacchaeus 2000 Trust, p. 19
(62) As early as the 1880s, Tory landowners were arguing that the active promotion of many small property owners would build up a rampart of support for property interests more generally. As Lord Halsbury explained: ‘If there is to be an attack on property it will be resisted with much greater force if it is possible to say that it includes all property, not merely property which has any peculiar privilege, because then it can be said that an attack on property is an attack on property of all kinds.’ (Quoted in Forrest, Ray, Alan Murie and Peter Williams (1990) Homeownership: differentiation and fragmentation, London: Unwin Hyman, p. 69.)
(63) Ambrose (2005) p. 23. This was written before the bailout of the bankers. Negative equity could, in fact, be avoided if house prices fell in real terms but not in nominal value; however, for this to have a significant impact on debt levels there would have to be high inflation in other areas, which would bring its own problems, including higher mortgage interest.
valuable home, an overall drop in prices would be beneficial, as the difference between costs would also be reduced. Even people trading down, for example older people leaving the family home for somewhere smaller, could often be pleasantly surprised if they had expected to have to contribute to the housing costs of their children. If they were trading down because their finances were overstretched, they would need to be able to come to an arrangement as part of the mortgage to rent scheme discussed below (and their mortgage lender could be made to take some of the loss and not expect their risks to be effectively guaranteed by public funds). Those who had bought extra property in hope of financial gain would bear the brunt of the falls and have to take responsibility for the risks inherent in any speculation. This may seem to affect unduly those who have relied on their home or another property as a nest-egg for retirement, however properly-funded policies on pensions and elderly care would make such reliance unnecessary - and, again, they could sell their home any time under mortgage to rent.

Homeowners would no longer be able to borrow against future house price rises, but household debt is not a sound basis for an economy; and as housing costs came down more people would be able to afford a better standard of life. Lower house values would admittedly make it harder for existing home owners to move to countries with more expensive homes, but it would make Scotland a more attractive place to live and work.

**Lower house values would make Scotland an attractive place to live and work.**

**Mortgage to rent**

As the financial advantages of home ownership diminish and public rented housing is invested in and improved, people may come to prefer the relative lack of risk that comes with renting. There are already mechanisms by which some privately owned homes can be converted to council tenancies in response to financial difficulties, but this process should be normalised and made easier. The current Mortgage to Rent scheme is designed as a last resort for people in relatively low-value homes who are facing imminent repossession by their lenders, and allows them to remain in their homes as tenants of a housing association or local authority. This should be extended into what Danny Dorling has described as a right-to-sell,(64) available to all who want it, with councils given access to the necessary funding. It would prove especially attractive to those who wish to devolve themselves of the responsibilities and costs of home ownership in later life, and could include possibilities for moving to a smaller council house and provisions for subdividing larger homes. An enlarged and normalised mortgage to rent scheme would be integral to the success of the wider policies outlined above.

**Co-ops and community land trusts**

Some have sought alternatives to ownership in co-operative housing, however many co-operative schemes are just another form of ownership and investment in the market. There are possibilities for developing co-operative schemes set up so when members leave they do not remove large profits, but these would not be substantially different from genuinely tenant-run social housing.

Community land trusts have also been advocated as a way of reducing speculation in land, but not in houses. They thus provide a better solution than market developments, but they cannot escape market forces to the extent that wholly publicly-owned housing is able to do, and could prove a diversion from bigger goals.

**Empty homes and second homes**

So long as some households lack decent homes we need to make sure that homes are not left empty. Existing empty homes legislation needs to be better funded and used to increase the stock of affordable rented public housing rather than subsidising private owners. And the use of houses as holiday homes needs to be regulated.

As Danny Dorling has emphasised, a key to the current housing crisis is the increasingly unequal distribution of living space, including many houses that are empty or hardly used.(65) If these became permanent homes, fewer new houses would have to be built. While the Scottish Government recognises ‘the need for more focus on bringing empty homes back into use’,(66) the measures that have been introduced so far neither reflect the scale of the problem nor fully embrace the possibilities for moving this housing away from the market. Shelter Scotland, who have formed an Empty Homes Partnership with the Scottish Government, estimate that there are just over 23,000 long term private sector empty homes in Scotland:(67) The Partnership's Action Plan Guide points out that 'leaving your home empty is a community issue and not solely a matter for the owner',(68) but its approach is still constrained by a reluctance to interfere with private ownership, as well as by limited funds. As a result, much publicly funded effort will – yet again - go into subsidising private owners and private renting, instead of into bringing these homes

(64) Dorling, Danny (2011) Housing and identity: How place makes race, London: Race Equality Foundation, pp 4-6; Dorling, Danny (2014) All that is Solid, London: Allen Lane, pp 267-272. Dorling pairs this with the Right-to-Buy, but there is no reason to link the policies.
(65) Dorling, Danny (2014) All that is Solid, London: Allen Lane
(69) Some grants and loans require owners to rent out their homes as affordable housing, but only for a limited period.
into public ownership, where they could be let permanently for affordable rent. A more socially orientated approach, and the funding to support it, could be part of the renewed emphasis on public housing outlined above. Land Value Tax would also discourage owners from leaving homes empty in the first place. (70)

Of course all these homes are only of use if they are where people want to live. As our final section emphasises, strong overall planning is needed to ensure that there are jobs and services where the homes are.

In many places, especially more picturesque rural areas, housing is particularly expensive and in short supply because local people have been forced to compete with people buying second homes. According to the 2011 census, there are 37,000 second holiday homes in Scotland, making up 1% of the total housing stock. (71) While there is clearly a need for a proportion of homes to be available for holidaymakers to rent, the total number and distribution of these should be regulated, and it should not be acceptable to leave homes unused for most of the year. Besides regulation, fiscal changes would make the ownership of second homes less attractive. An immediate increase in the council tax charged to second homes would be a first step until a Land Value Tax was set up. Other factors designed to reduce speculation would also discourage the purchase of second homes as they would no longer be perceived to be a good investment.

Private Renting

Landlordism is a major vehicle for transferring wealth to the rich, and a housing policy designed around fairness would aim to reduce private renting to a minimum. Controls on rents and repair, and better security of tenure can be introduced immediately, while in the long term most private rented homes can be turned into public housing.

Rent paid for public housing goes back into the community; rent paid for private tenancies benefits those with extra properties, as unearned income. In addition, market pressures in the private rental sector tend to reduce quality of repair and security of tenure and to drive up rents. It was the intrinsic failures of private renting that necessitated the evolution of public housing after the First World War, and the same forces are at work today.

Rent control is a common feature of countries with better and more popular private rented housing, and was only ended in the UK (for new tenancies) in 1989. It needs to be combined with regulations to ensure homes are kept in a decent state of repair and with new rules to give tenants greater security of tenure. Regulation of the private rented sector should be introduced immediately, and would make an immediate and significant difference to large numbers of poor renting households. (It would also reduce house price inflation.)

Regulation would limit the level of exploitation by property owners, but exploitation is intrinsic to private renting, and to eliminate this we would need to end this form of tenure. There are circumstances when private renting makes sense, such as when a homeowner is temporarily away from their home, but we would hope to see the private rented sector largely replaced by public housing. Regulation would also make landlordism less attractive, and private renting should be further discouraged by increasing taxes on rental incomes - including ending the ability for mortgage payments to be offset against rent and ending the tax concessions given to Real Estate Investment Trusts (REITs). At the same time, funds should be made available for councils to buy up and, where necessary, improve private rented homes for public housing.

Buy-to-let flats are often bought by people seeking security for their old age, but a properly financed policy on pensions and elderly care would get rid of the imperative to acquire this extra source of income.

Housing benefit

Housing benefit has to be enough to cover the cost of a decent home. Rent controls would reduce the benefit bill, but the long term aim should be the progressive elimination of the need for means-tested benefits.

As society becomes more equal and more people earn a living wage, and as more affordable rented housing becomes available, so the need for housing benefit should decrease. Meanwhile, lower, controlled rents would mean lower benefit costs, and an increase in public housing in place of private tenancies would mean that more of the benefit money paid would return to the public purse.

A co-ordinated policy requires housing benefit to be controlled by the same government as controls housing policy.

So long as housing benefit payments are needed, it should go without saying (though recent rule changes show that we

(70) The current ability for councils to charge up to 200% council tax on long-term empty homes is a welcome development, but Land Value Tax would provide a better system than council tax.


(72) REITs are exempt from corporation tax so long as a high percentage of their profit is paid out to their shareholders (at least 90 per cent in the US and Britain). This means that not only do they provide minimal tax revenue, but they also discourage long-term investment in favour of asset stripping. They have as yet made little inroad into residential property in the UK, but in the US they have been an important tool in the break-up and sell-off of public housing, and have forced large-scale evictions of sitting tenants to make way for more profitable development.
can take nothing for granted) that the rate of benefit should cover the actual housing costs for a decent home, with no requirements to leave an established home or move to a cheaper area, and no exclusions of younger people.

Currently, housing benefit in Scotland is controlled by the UK Government, while housing is devolved. A co-ordinated policy requires housing benefit to be controlled by the same government as controls housing policy.

Planning for environmental sustainability and good places to live

If we are serious about achieving environmental sustainability, then we need to move away from an economic model dictated by national GDP. A Common Weal approach to housing can play a key part in the necessary shift in consciousness and policy. Social approaches to housing, the promotion of strong healthy communities, and care for the environment are all mutually reinforcing.

Housing is a major contributor of greenhouse gases, and improvements to new, and especially existing, homes form an important part of environmental policy. This needs to range from socially-driven national planning, down to the design of individual houses. And it has to be based on firmly-enforced regulation that is backed up by research into best practice in all aspects of environmental design, and by information, training and education. Maximum use should be made of existing buildings (with VAT removed from building repairs), and Green Deal type funding should be extended to cover holistic whole-house improvements. The vital role of planning needs to be supported by revived democratic structures and greater community involvement so as to create good places to live and further strengthen social solidarity.

The policies and priorities that come out of a strong environmental policy also promote good community-based planning and attractive places to live.

Given the fundamental importance of climate change, and the need for environmental sustainability to be at the heart of every policy and not just an add-on, this section should perhaps have come first. However, since the focus on fairness, public interest and co-ordinated planning that has formed the basis of this policy paper is also the underpinning of good environmental policy, this should not be an issue. At the same time, the policies and priorities that come out of a strong environmental policy also promote good community-based planning and attractive places to live.

In 2012, domestic energy consumption accounted for 29% of the total UK consumption of energy products. 2/3 of this was for space heating, with the rest used for water heating, cooking, lighting and a growing number of other appliances. Further energy is used in house construction, and poor overall planning is responsible for additional energy use by increasing the need to travel. An environmentally sustainable housing policy has to ensure major reductions in energy use; and it also has to ensure that the housing stock is prepared for the changes in climate that are already taking place, such as more frequent extreme weather.

The need to cut carbon dioxide emissions emphasises the importance of planning at all levels, from national to local, so as to make best use of our limited resources. This means planning that is proactive and guided by the public interest, and not reduced to reactive responses to the wishes of developers. And it means the promotion of more community-focused living, with more opportunities to find local jobs and services, more walking and cycling and efficient and cheap public transport, and more woodland and green areas - all features that also contribute to a good quality of life.

Planning can include local energy generation schemes, but these should be co-ordinated as part of a national energy policy that ensures maximum efficiency and also responds to the widely-felt need for preserving some places that are free from industrial intrusions. Energy systems in our homes need to be designed as part of this co-ordinated approach, for example, if we are aiming for a major investment in offshore wind (which is much more efficient than onshore) and tidal electric energy, we should be developing good electricity-based systems; while homes near old mine-workings may be able to benefit from geothermal heating. Planning can also enable greater use of more efficient community heating systems.

In considering the houses themselves it is important to take a holistic view that includes energy used in the construction process and looks at the performance of each house as a whole rather than relying on standard tick-box solutions. Government has a key role in laying down, inspecting and enforcing regulatory standards, and in promoting the creation of a reliable and up-to-date well-monitored data base of the developing technologies and practices that can help the construction industry achieve those standards. It can also invest in the provision of training in new knowledge and skills, and can help increase public awareness of the problems and possible solutions, which will need broad public support.

Energy saving regulations need to apply not just to new buildings but, even more significantly, to existing buildings, which will have to be upgraded. The majority of households occupy older homes, and the requirement to minimise

construction energy will mean that it is generally greener to upgrade than rebuild. Removing VAT on building repairs would provide immediate help here. Current energy ratings are based on heat loss per square metre of floor area, which means that homes can use any amount of energy as long as they are large enough, so we also need to look at restricting energy use per household.

While the regulation of new building can be done at the time of construction, upgrading would depend on a system of energy audit. The funding system developed for the Green Deal could be extended to cover more comprehensive whole-house improvements. (Public funding is used to pay for the work, and the saving in energy costs is used to pay this money back. The occupants benefit from lower costs once the debt is paid off, but if they move first the debt remains with the house.)

Technically, green construction is very much a developing area and there are concerns that some ‘solutions’ being promoted to save energy may lead to other problems, especially in upgrading where added internal insulation can result in moisture trapped in the walls. There is already research going on that is looking at and monitoring different methods of dealing with this problem, and it is important that this and similar work continues to be supported and that it is used as the basis for regulatory standards.

Current experience shows that long-term investment in developing and applying energy efficient technology is unusual outside the social housing sector, so our emphasis on public housing will also promote more energy-efficient housing stock.

Climate change rightly dominates environmental thinking, but ecological sustainability also encompasses other areas, such as waste treatment and bio-diversity. Again, government’s role should include supporting and monitoring the development of best practice, as well as strong planning and regulation.

In all these areas of technological development and specialist installation the government works with private industry, but it is important that the government develops and makes available impartial data, and that households can get access to energy advice in line with best practice that is, and that can be seen to be, independent of vested interests. The way the Green Deal is marketed at present is, at the least, very confusing, and it is very difficult to find independent information on the new technologies.

We have emphasised again and again the important role played by planning. For it to be able to play that role properly it needs to be part of a revived democracy at all levels, with more power devolved down to local communities. At the same time, we have stressed the importance of large scale planning in co-ordinating homes and jobs and ecological concerns and making the best use of land and resources. At a local level, communities can be actively involved, alongside planners and architects, in designing and developing the places where they live. In this they can help to ensure that decisions are guided by what is best for society, rather than simply maximizing developers’ profits. This would mean that regeneration schemes would be designed to benefit existing residents rather than replace them, that attention would be given to the spaces between buildings and not just to individual houses, that provision would be made for local services and community spaces, that sheltered housing and elderly-friendly outdoor spaces would be integrated into communities, that there would be proper facilities for children and young adults (both indoors and out), and that layouts could be designed to maximise natural light and sunshine and access to the outdoors and green space. The improved environment, as well as people’s involvement in its creation, would help to reinforce community structures.

The improved environment, as well as people’s involvement in its creation, would help to reinforce community structures.

ENDS

(75) If a home were genuinely carbon neutral, including the embodied energy of its construction, then this would be less important, though a large home still has other environmental as well as social impacts.