

Housing under attack

Ripping off the roof over our heads

The Con-Dem government plans a 63% cut in funding for social house building. They want to remove security of tenure for new social housing tenants and are introducing massive cuts in housing benefit. A recently published Department for Work and Pensions report estimates that 930,000 households will be hit by these measures, 450,000 of which are families with children - who face poverty, overcrowding and poor education as a result. Paul Kershaw explains what this attack on housing means for everyone except the very rich.

THE PROPOSALS on housing benefit caps have dramatically revealed the tensions within the Con-Dem coalition. High profile opposition from both Liberals and Tories such as Boris Johnson reflects fears of the social and political impact. Leading Lib Dem Simon Hughes said the caps were harsh and draconian and Johnson spoke of stopping "Kosovo style" social cleansing of poor people from London on his watch as mayor, although he backed down later, saying he was quoted "out of context". An unnamed government minister told the Observer that the plans would produce a phenomenon like the highland clearances in the 18th century!

Cameron has taken a hard line so far, dismissing criticism from within the coalition and repeatedly asserting that housing benefit payments of over £20,000 are 'unfair' to hard pressed taxpayers. Meanwhile he claims over £20,000 for his second home.

The housing benefit caps have produced a political row, but the £70 million a year savings are only a fraction of the total £2 billion a year savings the coalition is planning to get through housing benefit cuts. Cameron fears that concessions at this stage would make it harder to implement the full programme.

Not social housing

DEPUTY PRIME minister Nick Clegg has claimed that 400,000 social homes will be built over ten years but the National Housing Federation (NHF), the housing associations' trade body, has scotched that claim. NHF points out that, even if built, these houses would not be social housing as previously understood: "The government's strategy will turn the traditional understanding of what constitutes social housing on its head by creating a system based around high rents and short-term tenancies."

The funding would simply cover social housing already in the pipeline. This is at a time when over 1.7 million households are waiting for social housing.

It seems that the government is dreaming of a world in which housing associations build grant-free rented homes for relatively well-paid workers on a commercial basis.

The NHF says that in poorer low rent areas the new higher ("affordable" in Con-Dem speak) rents will still not be high enough to fund new building. In high rent areas, the rents would be so exorbitant that most tenants would be



Campaigning against repossessions.

photo Socialist Party Wales

pushed back on to housing benefit.

The NHF calculates that tenants living in higher value areas, such as the London boroughs of Camden, Hackney and Haringey, would have to earn £54,000 a year "before they could get off housing benefit and be in a position where they could keep the bulk of their additional salary and find themselves better off in work". How many people currently on waiting lists will be able to afford this?

According to the housing charity Crisis, the coalition's plans would mean that the average working family of three would pay £140 more a week for an "affordable" rent than they would for a social rented home in a high rent area.

For example, in Islington, the rent for a two-bedroom social property would rise from £91 a week to £232. The NHF calculates that the effect of the reforms will be a 123,000 decline in the number of social rented homes in the next four years as new lettings are made at the new commercial rents.

Some big housing associations seem to be rubbing their hands with glee. They love the prospect of a fully commercial future. For the boss of London and Quadrant, an association with 66,000 homes, the spending review presents "positive opportunities". He says: "Housing associations now have the flexibility to match their rents on new lets to the marketplace. We remain attractive to private investors, we can commit our reserves and take a step forward as the state steps back."

He doesn't mention that big housing associations were able to build up these reserves as a result of huge amounts of government grants over the years and stock transfers from local authorities.

David Orr, NHF boss, has said: "The new funding model for low cost housing is predicated on high rents... The real solution to the current controversy over housing benefit is to deliver more social housing at affordable prices. In the long term, this is cheaper for the state to deliver than bankrolling ever-increasing housing benefit payments."

"Ministers urgently need to rethink their plans and give housing associations the flexibility to respond to the growing housing crisis in the most effective manner possible."

Councils and housing associations must pledge not to use the new insecure tenancies proposed by the Con-Dems. Housing associations should pledge not to use the higher, near market level rents, and local authorities should terminate preferred partner status and any other support for associations which fail to make such a commitment.

The Department of Communities and Local Government has made it clear that there is no compulsion to use these new arrangements, so Labour councillors and others who claim to regret the cuts but feel they cannot put up a fight on budgets have no reason to backtrack on this issue. Tenants' groups, anti-cuts campaigns and trade unions should urgently seek these pledges.

the effects of these cuts will mean that around the country:

- 54,000 children will be pushed into severe poverty.
- Up to 84,000 households will be forced to live on less than £100 a week for food, clothing, heating and other household costs.
- Up to 21,000 pensioners will have to leave their homes.

The private rented sector

MARGARET THATCHER'S government ended rent control in 1988. In addition they introduced a range of measures to boost the profitability of private renting and reduce landlords' responsibility to keep property in good condition. They also reduced security from eviction for tenants.

The idea, quite openly, was to increase the supply of private rented property by making it easier and more profitable to be a landlord. After the Second World War, there was a massive expansion of council housing and the private rented sector declined to just 11% of households. Thatcher wanted to reverse that.

In recent years, rent increases were fuelled by the housing bubble which was blown up by cheap credit and the availability of buy-to-let mortgages - reflecting the financially driven boom which crashed in 2008. It was no surprise that rents rose. Between 1999 and 2007 rents went up by 44%.

Rent strikes

RENT CONTROL was introduced in Britain in 1915 as a response to rent strikes and industrial action, such as in Glasgow. A degree of security of tenure was introduced by the first Labour government after the First World War.

In 1957 the Tories introduced legislation to deregulate the private rented sector. This act became hated, led to widespread abuse, famously epitomised by the slum landlord, Peter Rachman.

For a time Labour called for full municipalisation of the private rented sector. When Labour came back into power in the 1964 general election the Tory act was reversed. But Thatcher's 1988 legislation turned back the clock.

Disgracefully the recent Labour government made no move to restore rent control and worse, in the recent Parliamentary debate on housing benefit, shad-

ow Work and Pensions minister Douglas Alexander made it clear that Labour was "not against caps in the housing benefit system" and simply expressed concern at the speed of change.

Does housing benefit buy luxury accommodation for claimants? Shelter research shows that almost one million people have been the victim of a scam by a private landlord in the past three years alone. Nine out of ten environmental health officers working with tenants have encountered landlords who are harassing or illegally evicting them.

The private rented sector has some of the worst housing in the country and tenants fear complaining because the lack of security means it is easy for landlords to get rid of tenants they see as giving them problems. Even if you have a "good" landlord, you must live in the knowledge that if they want to sell up at some point you must move.

In the past, politicians excused the lack of security for private renters saying it was mainly for people needing temporary accommodation while moving for jobs, studying, or saving up to buy their own home.

But now first time buyers' average age is 37 and while it is true that prices are falling, mortgages are hard to come by and jobs are increasingly insecure, pushing home ownership out of reach.

Previous governments expanded private renting through a range of subsidies. This has proved expensive and resulted in a large amount of insecure and sub-standard housing.

Their solution is to victimise tenants. Anti-cuts and tenants' campaigns should call on councils to use the limited powers they do have to regulate landlords. They could, for example use compulsory purchase proceedings against multi-property landlords who move to evict tenants suffering housing benefit cuts.

What campaigns should fight for:

- Rent caps not benefit caps.
- Bring back secure tenancies in the private rented sector.
- Local authorities should use their existing powers against bad landlords.

Young people

CURRENTLY, PEOPLE under 25 can only claim housing benefit for a room, not for a flat - a measure introduced by the New Labour government - but the coalition proposals move the age you can get support to live in a flat up to 35. Spending review documents estimate this will save £215 million a year by 2013/14.

There are 88,000 people affected so it seems they will lose £2,400 a year on average. Citizens Advice say this will: "lead to an explosion of homelessness and will hit single working people on low incomes as well as the single unemployed".

Research for the Department for Work and Pensions (DWP) in 2005 showed that 87% of single room rate claimants were

facing a shortfall even then. They were paying an average of £35 extra a week to cover their rent.

Trade unions must demonstrate their commitment to young people through a high profile campaign on this issue, fighting to reverse the changes - and for pay increases to prevent homelessness.

They should research the impact of housing benefit changes on their members and incorporate the impact into pay claims. The TUC should call for an emergency revision of the minimum wage to reduce the risk of homelessness for low-paid workers. It should be argued that the cost of pay increases would be offset by benefit savings.

We demand:

Fully nationalise the banks under democratic workers' control and management.

For a massive programme of council house building.

Resist the moves to make the social rented sector as insecure and expensive as the private rented sector.

Councils must give a commitment not to abandon secure tenancies.

Housing associations must commit not to charge the new, higher, commercial rents, and councils should withdraw from partnering arrangements if they fail to give this commitment.

Social landlords must commit not to evict tenants hit by housing benefit changes.

Ministers repeatedly paint housing benefit claimants as scroungers and set them against "hard working families". Of course rising unemployment is not a result of lifestyle choice. But the unemployed are actually a minority of housing benefit claimants. The rest include pensioners, the disabled and 300,000 workers.



Young people are being hit hard by housing, as well as education cuts.

photo Suzanne Beishon

Owner occupation

RESEARCH BY the housing charity Shelter shows that one in six home owners are struggling to pay their mortgages, a 78% increase since last year. They also report a 10% increase in calls to their home owner helpline.

So far Britain has avoided the massive repossessions seen in America - although they stand at the highest annual level since the 1990s. But the Con-Dems have now cut support for mortgage interest as part of their benefit "reforms".

When taken with the effects of large scale redundancy and falling house prices locking people into negative equity, it is clear that owner occupiers will not be insulated from the government's attacks on working class housing. In the US and other countries the phenomenon of "jingle mail", where house owners have to give up and send their keys to their lender in the post, has become common. Even that way out is not available in the UK where lenders can relentlessly pursue former owners for debts.

In the casino years before the crash, capitalists turned to the finance sector and speculation for profit, reflecting the developing crisis of capitalist production. Supported by a range of government policies, house prices rocketed. The housing academic Peter Ambrose calculates that if house prices had risen in line with gen-

eral inflation between 1975 and 2005 the average house price would have reached £60,000. In fact prices were around three times that. He shows that, allowing for inflation, housing debt increased between 1980 and 2003 from 23% of Gross Domestic Product (GDP) to 72%, or £774 billion, and the figure will have risen since then.

Ambrose comments: "This is not just a housing issue. There are much more productive uses for this 'extra' £600 billion of investment than stimulating house prices - building hospitals and schools, investing in research and development for UK industry and repairing Victorian water mains spring to mind. But of course we live in a market economy dominated by a powerful and international finance sector. Short term returns for shareholders rule."

The focus of debate so far has been the cap to housing benefit and the impact on London, where estimates show that over 200,000 people would have to move. But analysis shows that these cuts will affect hundreds of thousands of people across the country.

Shelter comments: "Many are those already on low incomes such as pensioners, disabled people, carers and people in low paid jobs who will really struggle to find the extra money they will need to keep a roof over their head."

"For a pensioner surviving on £98 a week, or those on the minimum wage of £218 a week, these losses represent a significant proportion of their income."

Shelter's research shows the cuts affecting nearly 780,000 people outside of London renting privately who get local housing allowance (LHA).

Of 283 local authorities outside the capital, 81 (29%) will see two bedroom households in their area lose an average of £50 or more, while 156 (55%) will see households losing an average of over £30 a month when the rate at which LHA is paid is cut from October next year.

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Do you want to get involved with the Socialist Party's campaigns on housing?
Contact 020 8988 8777 or email info@socialistparty.org.uk

The attacks on housing benefit

- Limits of £250 for a one-bed property and £400 for four or more bedrooms.
- Local housing allowance (the replacement for housing benefit for private tenants) rates will be set using the bottom 30% of rents rather than the median from October 2011. It will be linked to the consumer price index, rather than the retail price index. There are one million LHA claimants in the UK.
- Cutting housing benefit by 10% for claimants on jobseeker's allowance for more than a year.
- Increasing the age which you can claim for a flat, rather than a room from 25 to 35.
- Reducing payments to support mortgage interest.

Independent experts from the University of Cambridge have found that