



Housing Policy made accessible to professionals and to students new to the field.

Housing policy affects us all, yet the way it has developed and is financed, and the nature of current housing problems, are little understood. Here Jean Conway provides an analysis which spans the whole field from bricks and mortar to the impact of housing policy on health, care, crime, education and the economy as a whole.

You will gain practical insight into housing from a number of perspectives:

- Economic, financial and political
- Social policy and welfare
- Construction and planning
- Environment and public health
- Residents and communities

Housing Policy highlights the links between housing and other aspects of social policy, and aims to foster more effective working relationships between agencies and professions.

Jean Conway was a Senior Lecturer in Housing at Sheffield Hallam University. She has published numerous books and articles on housing policy, housing and health, homelessness, and interagency working.

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Housing Policy

Jean Conway

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Housing Policy

*This book is dedicated to
Nick, Annie and Drew
who gave me my wonderful life*

Jean Conway

This book represents a celebration of Jean Conway's professional life as a housing practitioner, researcher and academic. She understood the central importance of housing in everyone's life and was committed to bringing an understanding of the housing system to as wide an audience as possible. She died of breast cancer when the manuscript was almost finished; it has been a privilege for us to complete the book for Jean.

Ian Cole, Colin Foster, Caroline Hunter and Judy Nixon

Series introduction

Social policy in the United Kingdom has undergone major changes since the mid-1970s and particularly since the election of the first Thatcher government in 1979. The post-war consensus is long gone and far-reaching changes have been made in every area of social policy. These changes, of principle and of practice, have been guided both by ideology and by the context of a post-industrial and increasingly globalized economy. The emergence of New Labour has added a new and still developing dimension of change.

The growing number of students of social policy, whether in higher education or in advanced level courses such as AS/A levels and GNVQs, and including those training for professional qualifications, have to make sense of this fast-changing scene, to consider the long-term effects, and to make their own judgements of the deep-rooted issues of value that are involved.

This new series of introductory textbooks is aimed specifically at these students. The books are not academic monographs but short, tightly structured texts written with both the academic student and the trainee professional in mind. All the authors are currently involved in teaching and in policy development.

The books are designed to be aids to learning. Each book opens with a brief history and background to its policy area, followed by a review of current provision, and concludes with a discussion of future issues and possible developments. They thus present students with a concise, clear and up-to-date summary of what they need to know and understand in each area of social policy.

NOTE ON REFERENCING

This is an introductory textbook for students beginning their study of housing policy as part of an undergraduate degree or a professional or vocational qualification. It is intended to guide readers to the main issues and questions in the field, and to provide pointers to further reading or other avenues which they may wish to follow up to develop their knowledge or extend their studies. We have therefore avoided the extensive use of references to back up arguments or support empirical statements, as would normally be found in more traditional academic books. Instead, referencing is used to guide the reader to further sources which they may wish to investigate to find out more about the issues raised and questions asked in the text. There is also a short guide to further reading at the end of each chapter, together with a list of websites and other sources of information at the end of the book.

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Perspectives on housing

Outline

Chapter 1 considers housing from a number of different perspectives and introduces the inherent complexity and variety in the subject, which the rest of the book follows up in greater depth. All of these perspectives are the subject of analysis by a wide range of disciplines – economists, sociologists, social policy and political analysts, planners, architects, lawyers, environmental health officers, building and engineering experts, historians and environmentalists. Housing professionals have to try to understand their field in all these ways. This makes housing both a fascinating and a challenging area of study. It may also inhibit the recognition of housing as a field of work and study in its own right.

A BASIC NEED

Shelter, water and food are generally accepted as the basic needs of life. Housing is a fundamental need; it provides shelter and also gives access to a decent water supply. In many circumstances it also affects your ability to get an adequate food supply. However, housing issues and housing policy in the UK today have a low profile, both in the minds of the general public and on the political agenda. Housing is not generally thought of as an area of professional activity – the idea of housing as a subject of academic study is often greeted with genuine surprise.

This was not always the case. In the late nineteenth century, following spectacular urban growth, poor housing conditions were identified as the root of disease, a poor quality workforce and army, and moral malaise; and substantial amounts of new building were undertaken. In the years after the Second World War, the shortage of housing again raised the issue. Since then, however, improvements in general housing conditions have brought complacency about housing which has taken it off the public agenda. Other areas of public policy take decent housing for granted. This was illustrated when the move towards care in

the community in the late 1980s assumed that everyone had a suitable home in the community in which to receive their care. Professionals working in the health, welfare and criminal fields are aware of the housing needs of their clients but often assume that there is a housing safety net, and it is simply a matter of getting the local council to provide a decent place to live. Politicians find that a very high proportion of their surgery time concerns individuals' housing problems, yet they fail to raise the profile of housing in the broader political debate.

This lack of a clear public and policy focus on housing partly reflects the fact that most people in this country are well housed, and don't anticipate having to turn to public services (as they may for health or education). The lack of a clear policy also reflects the inherent complexity of the housing issue. It is an economic and financial issue, a social policy issue, and it relates to the environment and communities, and to the shape of our cities and towns. A unified policy must take account of all of these issues.

Perceptions of housing problems vary according to the standpoint of the beholder. Different interests and perceptions generate different analyses and policy proposals.

(Malpass and Murie 1999 p. 4)

HOUSING AND SOCIAL HISTORY

History is reflected in contemporary residential patterns, forms of tenure, systems of subsidy and political attitudes.

(Lund 1996 p. ix)

Housing is a durable commodity and we can only appreciate the current situation by reference to the past.

- One-third of the current housing stock is more than 60 years old, while new building adds less than 1% to it each year.
- The origins of state intervention in housing were a concern with health and the quality of the workforce, together with fear of social unrest.
- There was a massive shift in tenure patterns in the twentieth century, from predominantly private renting to owner occupation.
- Social renting (local authority and Registered Social Landlords – RSLs – is developing into a residual sector. See Chapter 4 for a discussion of residualization.

- A century of state intervention in housing has failed to break the link between poverty and poor housing.
- Substantial redevelopment took place in the 1960s and 1970s, including the building of tower blocks.

These historical constraints not only provide the framework in which current policy must operate, but may also limit the effectiveness of policies.

Housing as a health issue

Rapid urbanization in the eighteenth and nineteenth centuries resulted in appalling housing conditions for the working class. This did not trouble employers and politicians until the nineteenth-century cholera epidemics threatened the well housed as well as the poor. It was gradually recognized that insanitary housing created a health risk to all, resulted in a poor quality and weak workforce, and could lead to social unrest. In spite of fierce resistance to the idea of state intervention in the private market, public concern led to attempts to clear up the worst areas.

The main focus of interest was the physical condition of existing housing. Concern over broader housing issues such as overcrowding and shortage only emerged later. However, for most of the twentieth century there was a gradual and slow emergence of broader housing concerns such as access and cost. It was not until 1951, however, that the Ministry of Housing and Local Government were created and housing was established as an area of public policy in its own right.

Shifting tenure patterns

Before the First World War, about 10% of housing was owner occupied and 90% was rented. Charitable trusts and associations developed to provide 'model dwellings', but made a very small contribution. The First World War changed attitudes to state intervention and set the scene for local councils to play a key role.

Both world wars were followed by major tenure shifts, with large-scale slum clearance (which predominantly affected private rented housing) and major council building programmes followed by booms in private building for ownership.

Policy since the 1960s

Since the 1960s, there has been broad agreement between major political parties that, following slum clearance, the role of council

housing would gradually be reduced, and owner occupation would become the dominant tenure. This accelerated during the 1980s.

Practitioners and policy makers today are faced with a tenure pattern developed over the last century and a half, and a housing stock much of which was built decades ago to the prevailing standards and expectations. These historical constraints limit the effectiveness of any policy changes. The history of intervention in housing is a key element of social history, and raises the question of the effectiveness of the state. Although the chronic housing conditions of the nineteenth century have been dealt with, many people still live in homes which are inadequate and statutorily unfit, or do not have access to a secure home at all. The poorest people still live in the poorest housing. Chapter 2 examines these historical trends in greater detail and traces the development of each housing tenure.

HOUSING AND ECONOMICS

There has been a growing recognition of the significant role which housing plays in the wider economy.

- Housing is a major fixed asset and there are considerable flows of money into and out of the sector.
- The house price increases of the late 1980s fuelled consumption, a major factor in the general inflationary boom.
- The house price slump in the early 1990s exacerbated and prolonged the economic recession, partly through high unemployment in the construction sector.
- With increasing levels of home ownership, any instability in the housing market has a major effect on the general economy.
- The cost of housing represents a major expenditure in most household budgets – governing the availability of income to spend on other goods.
- Housing is a major investment constituting about 40% of personal wealth of private individuals.

The amount of money borrowed by owner-occupiers is more than half the total Gross Domestic Product (GDP) of the UK. The market value of owner-occupied housing stock is one-and-a-half times the value of GDP. It is not surprising, therefore, that changes in the financial fortunes of the housing market have a major impact on the whole economy.

The long-term increase in owner occupation was boosted in the 1980s by three factors:

- the introduction of the right to buy for council tenants
- a rise in post-tax incomes
- easier access to mortgages following the financial deregulation of building societies and banks.

During the late 1980s, the housing boom led to a marked increase in spending which was a major factor in the general inflationary boom. The consequences were far reaching: higher wages, lost competitiveness, high interest rates, widening regional imbalances in house prices and restricted geographical mobility of labour.

In the first half of the 1990s, the fall in house prices and the resulting negative equity (where the value of the property falls below the amount borrowed) led to a general lack of confidence and a reduction in new building. This exacerbated and prolonged the recession in the economy as a whole. One key factor is the role of employment in the construction industry and related industries. Since the late 1980s, half a million construction workers have lost their jobs, amounting to over one-fifth of the increase in unemployment. Construction has a significant effect on activities such as architecture and surveying, supply of building materials and household goods, and buying and selling houses. It is estimated that for every extra person employed in construction, one extra job is created elsewhere in the economy. Investment in housing is a key factor in employment levels.

The effects of housing boom and bust are far reaching throughout the economy as a whole. The volatility of the housing market aggravates the instability in the general economy and disrupts attempts to generate steady economic growth. The UK housing market fluctuates more sharply than most other advanced economies. In addition, moves to a more flexible labour market, such as increased unemployment and casualization, and reduced overtime, have a direct effect on the housing security of homeowners.

HOUSING AND FINANCE

By all accounts, the current housing finance system is both inefficient and unfair. It can also be viewed as plainly irrational.

(Gibbs and Munro 1991)

Housing finance is complex and results from a multitude of *ad hoc* changes over the years. Yet government decisions about how housing is paid for directly affect the housing options and choices available, and underpin much of the public debate about housing.

- There is a wide range of government measures which affect the price of housing in all tenures, and influence both the cost of supplying housing and the cost to the occupier.
- The total value of government subsidies to housing has been rising, but has shifted from subsidizing the cost of supplying homes towards subsidizing the cost of renting or buying for the consumer.
- Very few local authorities now receive any subsidy; most contribute towards the cost of Housing Benefit for their tenants.
- The increase in rents has raised concerns about affordability and provides disincentives for those on benefit to work.
- The current system of housing finance is wasteful and inequitable and needs major reform.

Very few people can claim to understand fully the way housing is financed. The system today has emerged as a series of often unconnected steps, influenced by factors other than housing policy such as the taxation and social security systems and public sector borrowing levels. Housing finance is constantly changing.

The way housing is financed results from a series of government measures which affect the price of housing. Some are geared to the suppliers of housing to reduce the cost of providing property or encourage investment, while other measures are geared to consumers to reduce their costs. Taken together, these measures produce massive flows of money. In spite of government rhetoric about cutting public expenditure, the aggregate cost of housing policies rose steadily throughout the twentieth century, particularly in the 1980s and 1990s, accentuating the importance of housing in the general economy.

The relationships between the value of these subsidies has altered greatly over time, especially in the 1980s and 1990s. The key trend has been the shift from subsidizing the *production of housing* (through subsidies to local authorities and housing associations and other RSLs for building houses) to subsidizing the *cost of using housing* (through both Housing Benefit to tenants and mortgage interest tax relief to owner-occupiers). This is often referred to as moving from 'bricks and mortar' to 'consumption' subsidies.