

FORESIGHT, TENACITY, VISION:

Essays to Commemorate the 40th Anniversary
of the 1974 Housing Act

Edited by Edward Wild



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Foreword

The Rt Hon Sir George Young Bt CH MP

Reading these excellent essays about the 1974 Housing Act induced a powerful feeling of nostalgia. In 1974, I was Chairman of the Acton Housing Association which, like so many small associations at that time, had been founded by an architect, a solicitor and a banker. Our stock had just reached double figures. One evening, Richard Best – then Director of the National Federation of Housing Associations – came to explain the mysteries of HAG (Housing Association Grant) and RDG (Revenue Deficit Grant), key financial components of the 1974 Housing Act. This, in turn, was one of the first pieces of legislation I voted for after the February 1974 Election. Now, with the assistance of that Act and with the more ambitious geographical title of A2 Dominion, Acton Housing Association has over 34,000 homes.



The 1974 Act helped us on our way. Page 7 summarises its impact. The subsequent articles have a common theme; we are not building enough houses; the market will not fill the gap; and new business models and lateral thinking are needed if we are to raise our game.

Richard Best's article 'How the Housing Act 1974 changed everything' sets the scene. He identifies the reason why it was a groundbreaking piece of legislation. Buy-in by the Treasury; cross-party consensus led by politicians who were passionate about housing; and the potential of the housing association movement unlocked.

Dr Graham Stewart describes the 1970s as a period of profound transition in housing policy, with the private rented sector on the verge of extinction and a binary tussle between local authorities and private developers to meet housing need. Interposed between the two, the housing associations emerged with a new, more powerful and better resourced Housing Corporation – with grants rising from £50m in 1979 to £1 billion in 1990. He rightly describes the 1974 Act as a "vital stepping stone".

Nicholas Boys Smith puts the legislation in a social context – the reaction against high-rise development, the move towards rehabilitation as opposed to clearance, and the growth of consumerism. He exposes the way in which housing subsidy distorted housing design – by oversubsidising high rise – and warns us not to forget these lessons as the pendulum begins to swing back and we go in for high rise again.

Christopher Boyle's article looks at the issue from an economist's point of view – the failure to balance demand with supply; it bristles with anger and frustration at how much remains to be done. How did it all go wrong? he questions, taking politicians to task for failing to match promises with delivery and for being overinfluenced by nimbyism.

Richard Blakeway puts our legislation in an international context, and explains how today's challenges are different from those of the past. London's population is growing not declining, the boom in owner-occupation has petered out, but the private rented sector has experienced a renaissance. He promotes new business models, emphasising the need for cross subsidy to reflect pressure on public funds. Along with Liz Peace, he touches on the Holy Grail – the investment by financial institutions in long-term property for rent, managed by social landlords – and describes the changing role of housing associations as they branch out into training, tenant involvement, crime prevention and job creation. He holds up Thamesmead as an example of the monolithic solutions provided by local authorities of yesteryear, which are now being re-engineered by a social landlord – Peabody.

Liz Peace balances the articles with an article on the role of the profit-making sector. She is optimistic about the response from the commercial sector, pointing to the 18,000 new units being provided at Nine Elms, and proposes some radical solutions on Garden Cities, the Green belt and disposal of public land.

These articles will help us learn from the past, and so shed light on the way forward.

Introduction

Stephen Howlett

My career spans the lifetime of the 1974 Housing Act, so I've observed at first hand how positive it has been for this country. It set housing as a priority and recognised the value of public investment in meeting the needs of working people.

The Act laid the foundations for housing associations to become major providers of affordable housing and, as a result, they built more houses in eight years than they had in the previous 800 (going back to almshouses in the 12th century).

As a graduate trainee at the Housing Corporation in 1975, I was involved in the registration of housing associations (for the record, Peabody is number 14 on the register). The Housing Corporation had three responsibilities: funding, supervision, and promoting the housing association sector. In this way it was able to support the rapid development of housing associations.

By accepting government funding, housing associations agreed to put themselves under the same level of scrutiny as local authorities. The Act was intended to establish a complementary role for housing associations working alongside local authorities. In the period since, we have witnessed a decline in the direct involvement of local authorities in the provision of social housing. However, local authorities still wield significant influence over housing associations via the nominations system, which dictates their resident intake.

Today, as grants from central Government are cut, housing associations are exploring alternative funding models. In 2013, Peabody raised £350m through a bond issue, some of which was secured by the value of the property we built and acquired during the early years of the Act. This money is enabling us to build new homes and regenerate existing ones, including in Thamesmead, where we now own much of the land, housing stock and commercial space. We are on track to deliver 1,000 new homes a year, 40% of which will be for private sale, with profits used to fund new affordable and social homes.

One of the Act's strengths was that it had cross-party support. I would like to see a similar level of cross-party agreement today, and for housing to be given a higher priority in the national budget.



The Act

The Housing Act of 1974 was a pivotal piece of legislation for housing in the UK. The Act brought reform and innovation to housing and rent and, though it has been amended since, the change to the relationship between housing associations and the state have left their imprint on the housing sector.

The Act was created to provide funding to housing associations and to register them. Ostensibly this was to make it easier to give them financial help but it also added lines of governmental control. The legislation paved the way for similar patterns to be re-created in the following decades.

The Act brought about a number of major changes:

- A new register brought certain housing associations into the public sector and offered them state subsidies in an attempt to tackle poor living conditions;
- The government could now organise housing on a national level, rather than relying on many unconnected local groups;
- Differences between local housing associations were reduced;
- The problematic 1972 Housing Finance Act was amended, so that the rent increase that had been put in place two years earlier was adjusted;
- State backing reduced the risks associated with new developments, if associations complied with the regulations;
- The relationship between landlord and tenant became less antagonistic and improvements to houses were easier to fund;
- The Act funded the creation of new housing associations as well as a generous public funding regime.

How the Housing Act 1974 changed everything

The Lord Best OBE

1. Politics

Within weeks of taking office, Harold Wilson's 1974 Labour Government introduced a major Housing Bill. It could move with such speed because key parts of this Bill had already been prepared by its predecessor, Edward Heath's Conservative administration. The Bill was a rare example of real cross-party political consensus.



The legislation was championed by the Housing Corporation which had been created in 1964 to handle "cost rent" and "co-ownership" housing. It enjoyed equal support from its originator, Labour's Richard Crossman, and the previous Conservative Housing Minister, arch-Tory, Keith Joseph. From 1973 the Corporation was chaired by Lord Arnold Goodman. He was Wilson's solicitor and a Labour Party insider but had been appointed by the Conservative Housing Minister, Paul Channon, who had seen the merits of taking this issue outside of Party politics.

There was no doubting that this major legislative measure commanded the whole-hearted backing of all the political Parties: this has given it all-important credibility and durability.

The consensus was illustrated by the support we received at the National Federation of Housing Associations (today's National Housing Federation) – where I was then the Chief Executive – for an amendment to the Bill we were seeking. We hugely welcomed the introduction of Housing Association Grant (HAG) to fuel an expansion of this sector; but we wanted to underpin this capital grant with ongoing revenue support, in case rental income from new projects was still not enough to balance the books. At the Bill's Committee stage, we obtained the input of Hugh Rossi, a Conservative MP with a strong housing interest. He secured our amendment for a Revenue Deficit Grant (RDG): this gave housing associations "belt and braces" subsidies that underpinned their confidence in expanding rapidly in the years that followed.

Of course, the legislation would have been pointless without HM Treasury agreeing substantial funds for the housing associations – both through the newly-reordered Housing Corporation and through (the minority of) supportive local authorities. But the Act had powerful backing in the Cabinet and big money flowed to the housing associations, which now had to be registered and regulated.

2. Personalities

It was thanks to the crucial influence of the then Secretary of State for the Environment, Anthony Crosland (before he was promoted to Foreign Secretary), that the money flowed.

While in opposition, Anthony Crosland had developed an interest in the entrepreneurial, charitable activities of housing associations, exemplified by the work of the Notting Hill Housing Trust (NHHT) on his doorstep. He had seen what housing associations in London (with its Conservative-controlled Greater London Council) could do, in buying and converting/modernising decaying street properties.

Philosophically Crosland disliked monopolies and the disempowerment of the people who had to use them: the danger of local authorities providing all the social housing in an area was that this created a total dependency for poorer households on a single landlord. Building up the housing associations meant adding other players, creating some competitive spirit, introducing new ideas, counteracting the hazards of self-interest and insensitivity – even arrogance – that monopolies engender.

A number of us, from the Federation and from Shelter, had had meetings with Crosland in the library at his Notting Hill home in the run-up to the elections in 1974. With the Co-op MP, Reg Freeson – who was the Housing Minister for the whole term of the 1974 – 79 government – Crosland was the driving force behind the Act; but credit must go to the tenacity and foresight of pioneers like John Coward and NHHT who created the reality which inspired these politicians.

FIG 1 Shadwell, Glamis Place. Built 1976.



3. Progress

A huge test was to come in 1976. Crosland declared that “the party is over” and the so-called “IMF budget” introduced swingeing public spending cuts. However, the housing associations sailed on, unscathed, thanks to the strength of support at the top of government.

As well as launching the new housing association sector, the Act introduced “Housing Action Areas” where resources could be concentrated on regenerating streets previously considered for slum clearance. The painstaking task of property renovation – often with “sitting tenants” – was one which the housing associations were proving willing and able to perform.

Today the idea of declaring “zones”, where special planning and financing considerations can be applied, continues to have some traction. But the demise of the Housing Market Renewal Pathfinders, dedicated to upgrading areas of severe decline, has left a hole in housing policy. While lack of supply of new homes is clearly a crucial issue in large parts of the UK, area renewal and regeneration is vital for the health and well-being of many major cities and towns in the Midlands and the North.

4. Policy lessons

Looking back to the 1974 Housing Act, I draw four conclusions for the policy-makers:

- a) Visionary politicians, enthused by real-life action by inspiring practitioners, can create the basis for success in tackling social problems.
- b) Support that is genuinely cross-party can survive the vicissitudes of electoral change and the volatility of the national economy.
- c) If the UK wants to end acute housing shortages and ensure a plentiful supply of affordable housing, there is a proven way of doing so: do not rely on the market but, rather, fund the agencies directly that can produce the goods.
- d) The value of area renewal (the second theme of the 1974 Act) must not be forgotten: away from the property hotspots of London and the South, regenerating unpopular streets and estates brings huge social and economic, as well as environmental, benefits.

Forty years on

Dr Graham Stewart

Housing through the decades

Think of the history of housing in Britain in the twentieth century and it is natural for a succession of familiar images to flash through the mind.



The 1930s conjures the sight of the back-to-back slums inhabited by families struggling through recession and hardship in scenes of deprivation, as chronicled by George Orwell’s *Road to Wigan Pier* and J.B. Priestley’s *English Journey*.

Yet that decade also produces rival images of the suburban semi-detached homes with sunbeam-decorated front gates for a first generation of home-owners able to take advantage of the decade’s low interest rates and consumer-led recovery. The 1940s and 1950s offers bombed-out buildings, shabby, squatter-inhabited terraces, boarding houses with their entrances guarded by a list of what sort of behaviour and residents were unwelcome. But there are also the cheap and cheerful “prefabs” bordered with tended flower and vegetable patches. Think of the 1960s and you envisage the wrecking ball and the high-rise point and slab blocks encircled by dual-carriageway flyovers and damp, concrete underpasses. In the popular memory, the 1980s is the nadir of the concrete dream, the awakening from which brought the “cardboard cities” nightly erected by the homeless as well as a new generation of first-time owners gaining the keys to their former council houses, of Docklands rejuvenation, “executive homes” and *Brookside* cul-de-sacs.

Reducing the complexities of a country’s housing stock to a few hackneyed images is inevitably a glib exercise. How, for instance, does one of the central features of twentieth century property, namely the waxing and waning of rent control, manifest itself in pictorial form? Nonetheless, the popular visual memory is instructive in demonstrating how generalisations have come to dominate perceptions of our past. What, therefore, of the decade that our opening tour through time skipped? What defined housing in the 1970s?

On the streets and housing estates, much of the accumulated inheritance of previous developments remained in place, giving a superficial sense that the 1970s were just a continuation of the 1960s except at a slower pace of change. In consequence, it is a decade not easily reduced to a few defining images. Despite this, it was actually a period of profound transition in housing policy. It was the age when the prospect of

whether the future belonged primarily to privately-owned or local authority-provided accommodation seemed to hang in the balance. It was also the time when the private rented sector came close to elimination. It was the period in which – thanks in large part to the 1974 Housing Act – charitable housing associations were given a new lease of life. It witnessed policy decisions taken by Edward Heath’s Conservative as well as Harold Wilson’s and James Callaghan’s Labour administrations that continue to resonate today. Forty years on, it is time to evaluate the 1970s’ potent legacy.

Housing at the forefront of political debate

Whatever may be said about the state of the country’s dwellings prior to the 1974 Housing Act, it could not be argued that the continuing failings were for want of legislative activity. In the preceding thirty years Parliament had passed eleven Housing Acts, on top of which provision had been further channelled and controlled by a profusion of rent acts, town and country planning directives, and budget announcements. Yet, while many of the worst Victorian slums had been reduced to rubble and vast rebuilding programmes had been translated from drawing board to completion, the problems of homelessness and sub-standard housing remained acute.

The disappearing private landlord

The story of housing between 1945 and 1974 was dominated by two trends – rising home ownership and greater council house provision. Both sectors had grown at the expense of the third sector, the private rental market, which Conservative Government support had proved ineffectual in propping-up against an unceasing battering from economic, political and cultural tides.

Rent controls had first been introduced as a temporary wartime expedient in 1915 and had continued, with varying extent, ever since. Through its 1965 Rent Act, Harold Wilson’s administration significantly tightened both the controls on rent increases and tenant rights to security of tenure. This further eroded the profit margin for already hard-pressed private landlords. Many more sold-up. Sympathy for their plight was greatly diminished by their long reputation for under-investment (attributable, they maintained, to the negative incentives resulting from decades of rent controls) and the popular attention focussed on the abuses perpetrated by such notorious slum landlords as Peter Rachman.



FIG 2 Harold Wilson began his second term as Prime Minister in March 1974

Yet, the effect of the 1965 legislation was not a sudden, populist assault that changed the direction of travel. Rather, it sustained the momentum on what was already a long-term trend, for the decline of the private rental market can be told in a few key

statistics. While almost nine out of ten dwellings had been privately rented on the eve of the First World War in 1914 (when local authorities were responsible for only about 1 percent of the housing stock) and still accounted for nearly six out of ten on the eve of the Second World War, the proportion was down to three out of ten dwellings by 1960, two out of ten by 1970 and less than one in ten during the 1980s.

The 1970s: a golden age of the mortgagee?

Many of these previously rented properties were turned over to new generations of home owners. Indeed, much as we now think of the 1980s as a time of soaring home-ownership, the trend had been developing in the previous decades. Years in which hyper-inflation outstripped mortgage rates made borrowing for bricks and mortar highly cost-effective. Thus it was actually the 1970s that represented the “golden age” for residents seeking to clamber onto and up the property ladder.

But what was the prognosis for those who were still without the means to get a foothold on this bottom rung?

Doing-up or knocking-down?

Despite the massive home-building programme undertaken by Harold Macmillan in the 1950s, by 1964, when Labour resumed power after 13 years in opposition, nearly 3 million residents were still living in slum accommodation. Having effectively declared war on private landlords but with access to mortgages far beyond the grasp of most of those living in sub-standard dwellings (during the 1960s the majority of working class adults still did not have bank accounts), Labour pushed forward with offering generous grants to local authorities to build council housing. As a consequence, by the end of the 1970s over a third of Britain’s housing stock was owned and maintained by local authorities.

Housing policy in the 1970s, however, involved far more than knocking down the brick “jerry-built” slums of yesteryear and replacing them with the concrete-framed structures which – in too many cases – would create problems in the future. The Housing Condition Survey of 1967 suggested that there were still 1.8 million “unfit” dwellings in existence nationwide. But comprehensive development (which, in practice, generally meant wholesale demolition) of extensive slum areas had reached its apogee. The unfit homes that remained tended to be not all grouped together but more sporadically located, making the unleashing of bulldozers across entire areas a disproportionate response. The more cost effective answer was to do the properties up rather than pull them down.

The switch from demolition to prioritising renovation was formally signalled by the 1969 Housing Act which boosted funds for the upgrading of existing sub-standard

properties (although the onset of recession five years later diminished the amount of subsidies originally anticipated). Among the provisions of the 1974 Housing Act were those which aimed at ensuring that improvement grants were directed primarily at inner city areas.

All power to the council?

At the same time in which a shift towards renovation was taking place, doubts were also beginning to be expressed about whether local authorities were necessarily always the best option for those of limited means seeking to rent. Critics of local authority provision pondered how else good quality affordable housing to those in need could be provided. Did planning officers, councillors and town hall bureaucrats necessarily always know best? Their role in promoting massive new housing estates which were often out-of-town dystopias without adequate facilities, shops or infrastructure and whose creation displaced and broke-up traditional inner-city communities, suggested alternative approaches were needed. How, then, could the expertise of other specialists, with direct experience of social housing needs and provision, be better exploited?

Turning to the housing associations

The answer to these questions lay with the non-profit voluntary sector that spanned over 2,000 housing associations, many of them small but which also included such renowned, well-established charities as the Peabody Trust which had been founded in 1862 and the Joseph Rowntree Memorial Trust (founded in 1904) as well as the new homeless and anti-sub-standard housing campaign group, Shelter, which had been formed as recently as 1966.

FIG 3 Buckingham Chambers, purchased in 1976



The disagreements about housing and construction between the Conservative and Labour frontbench were frequently heated during the 1970s, particularly over Labour's efforts to make the state the country's primary property developer by progressively nationalising all development land, which would thereafter be placed in the care of new public land management agencies (an ambition thwarted by the onset of recession). But the belief that the non-profit housing associations had the potential to play a greater role in the affordable housing sector was not one that divided strictly down party political lines. The legislation that was to do so much to enhance the associations' funding was passed by a Labour government, but momentum had gathered pace under the Conservatives with Peter Walker, successively Housing Minister and Secretary of State for the Environment in Edward Heath's Cabinet, encouraging the leaders of the principal housing associations to confer and come-up with proposals for how their sector could be promoted through a new housing bill. As draft legislation began to be framed, the National Federation of Housing Associations (as the National Housing Federation was then called) which represented most of these associations worked with Anthony Crosland, who took the helm at the Department of the Environment after Labour election victory in February 1974, to ensure their voices were heard and interests protected.

The 1974 Housing Act

The result was the 1974 Housing Act, which with one hand took from and with the other gave to housing associations. It gave them access to fresh funds, subsidies and loans, primarily through the partly government-funded Housing Corporation so that they could greatly expand their operations. In return for which, it took away some of their freedoms and subjected them to more scrutiny: in order to get access to the new sources of funding and concessions they had to register with the new state regulator which gained the right to approve or deny what had previously been their liberty to dispose of property as they saw fit.

Overseeing this process, the Housing Corporation thus became both a facilitator and a regulator. Employing two hundred staff from its headquarters – somewhat incongruously – in the heart of Chelsea on Sloane Square under the oversight of its chairman, Lord Goodman, it was a quango which had been established by the government in 1964 to help underwrite the cost of “fair” – below market-price – rent operated by friendly societies (from which housing associations were distinct). Thus the 1974 legislation significantly enhanced the Corporation's remit.

However, since the Housing Corporation was partly funded by the Department of the Environment, the latter also felt entitled to scrutinise the process too. This additional layer of bureaucracy was deemed essential to ensure taxpayers' value for money, though it could be irksome for the associations' freedom of action and operational nimbleness. In this respect, the 1974 Housing Act involved a trade-off

in which housing associations surrendered some of the autonomy implicit in being self-governing voluntary bodies in return for the money they needed to expand their operations. That most associations opted to join the register that the 1974 legislation established as a prerequisite for receiving Housing Corporation grants demonstrated that it was a trade they were nonetheless willing to make.

Consequences

What effect did the Act have? Cause and effect are rarely neatly established, but at a time when the government was trying to make council housing attractive with a rent freeze (particularly welcome to council tenants at a time of rampant inflation) and the overall share of local authority housing was continuing to grow, the housing associations not only held onto their own share in the market but generally found new purpose and the means to expand. In 1970, they provided 200,000 dwellings in the UK. By 1989, the figure had surpassed 500,000.

By the late 1980s, of course, the non-profit housing sector was undergoing changes on a scale that few could have realistically foreseen fifteen years earlier. The hostility of Margaret Thatcher's government to funding new local authority schemes ensured that 1979 would be the high-water-mark of council housing. The 1980 Housing Act's granting to tenants the "right to buy" their own local authority home simultaneously increased home-ownership and reduced the council housing stock. For those who could not or preferred not to buy their own home, the Thatcher government proffered two alternatives through its support for rejuvenating the private rental market and increasing the funding and scope of non-council social landlords, particularly the housing associations.

An increase in government-directed grants from £50 million in 1979 to £1 billion in 1990 helped the non-profit sector build three times as many dwellings for rent as did local government during that period. The 1988 Housing Act opened up the housing associations to mixed-funding schemes involving private finance and allowed them to take over the running of estates from local authorities where the residents themselves voted for it. These were to prove transformative measures.

Thus it may be that future historians of Britain's social housing policies will focus their primary attentions on the significance of the 1988 legislation. However, as we reflect on the forty years that have elapsed since the 1974 Housing Act, it seems clear that it deserves proper study. After all, it represented a vital stepping stone that was levered into position at a time when housing associations were otherwise struggling to make what proved to be a decisive leap, both for themselves and for all those dependent upon the shelter they provided. It is a leap worthy of commemoration.

The 1970s – the decade the music stopped

Nicholas Boys Smith



Squeezed between the youthful rebellion of the 1960s and the supply side revolution of the 1980s, between mini skirt and Margaret Thatcher, the 1970s is frequently overlooked in the panoply of British history. And yet, in many ways, it is the crucial decade of change, the years when old certainties wilted and new views started to fructify in their place. This was certainly true in the domains of architecture, social housing and town planning.

Since the 1950s, a heady mixture of architectural fashion and political subsidy had been inciting and financing the demolition of hundreds of thousands of homes and their replacement by tower and slab blocks in open space. Architectural historians stress the intellectual legacy of Le Corbusier, the influence of home-grown architects such as Alison and Peter Smithson and the pioneering work of young town planners at the Alton Estate in Roehampton. They would be as well advised to study the Conservative 1956 Housing Subsidy Act which favoured high-rise housing. Flats of four, five and six storeys obtained much larger government subsidies. And above six storeys the subsidy rose by a fixed amount for each additional floor. A flat on a four storey block received £20, a flat in a six storey block received £38, 2.3 times the subsidy paid on a house. Increasing by £1.15 each floor this multiple over a normal house rose to 3 for a flat at fifteen storeys and 3.4 for one at twenty storeys.¹ High rise utopias were not just fashionable in Hampstead. They were paid for by Whitehall.

By 1975 about 10 per cent of all homes in the country (around 1.5 million homes in streets, squares and alleys) had been demolished to permit the brave new world of officially supported blocks in parks.² The winner of one of the Department of the Environment Design awards in the 1970s was for a building half a kilometre long.³ By 1979, at least 4,500 tower blocks had been built, usually erasing all trace of the streetscape which had preceded them.

However, it became increasingly, starkly clear during the 1970s that either something was very wrong with the people or something was terribly wrong with the new homes. Because, put simply, the British did not like the utopias into which they were being so unceremoniously decanted.



FIG 4 Broughton Street, Park Town. Purchased 1979.

This became clear from polls. By the end of the decade one academic could conclude that ‘very substantial majorities of residents in high flats would prefer to live in houses according to all the studies asking about housing preferences.’⁴

But it also became clear on the ground. There were numerous instances of local communities campaigning against being put in their new tower blocks or trying to leave them. Across the country community groups sprung up to *resist* “slum clearance” and fight against decantation into tower blocks and estates. These grew in strength and number during the late 1960s and early 1970s and played a large part in shifting public policy away from high-rise and tower block. In Liverpool, residents of the six year old 14-storey slab-blocks officially known as Haigh, Canterbury and Crosbie Heights (but known locally as the “Three Ugly Sisters”) campaigned for the right to leave. In Glasgow, residents of the Shawfield and Old Swan areas pressed for rehabilitation of their streets rather than being moved out. In Manchester, The Whittington Association and the Ladybarn Association campaigned to protect their terraced houses against demolition. In Birmingham, the Sparkbrook Community Association argued for rehabilitation not demolition and a few years later residents in Saltley did the same. It was largely community action that halted the programme of “slum clearance” in the city. And in London, community groups such as the Battersea Redevelopment Action Group, the North Southwark Development Group and the North Islington Housing Rights Project all argued for the rehabilitation of their houses rather than their wholesale demolition.⁵ The Beckton protest committee argued passionately against being moved into tower blocks in Newham. At one protest meeting one question to the council summed up the mood of residents:

‘You claim you’re bettering us but you’re not. You’re nicking space off us – you are going to give us less than we started with. It’s a bloody farce.’⁶

In many cases, civil servants in central government colluded with the bright new high-rise future against the wishes of what local people wanted. The Packington Estate proposal to demolish old Victorian squares in Islington and replace them with a new multi-storey estate was opposed in a campaign led by local Labour councillors. When this went to appeal the Department for Local Government quickly pushed the scheme through before Ministers had a chance to consider the case, forcing them to accept it as a done deal.⁷ The schemes were almost never initiated due to local pressure. As one Deptford resident recalled, ‘I can’t think of anyone who really wanted to move.’⁸ When only a very few years old, much of the new multi-storey housing became “hard-to-let” – to use the contemporary officialise. Families and households simply refused to move in. Examples are endless. The Thamesmead Estate, completed in 1968, was only forty per cent full by 1974.⁹ Across London in Haringey, 55 per cent of housing applicants would not move to the Broadwater Farm Estate within five years of its completion in 1971.¹⁰ Ernő Goldfinger’s much acclaimed Trellick Tower (known locally as the “Tower of Terror”, with a reputation for a high risk of rape in the lifts and staircases) was “hard-to-let” within only a few years. And Castle Vale in Birmingham (opened in 1965) was so unpopular that by 1981 one third of the apartments were empty.¹¹

Meanwhile, academics began to study what was going on. Their findings were, if anything, even more disturbing for the new utopians. Put simply, even when you take account of social and economic status, tower blocks and estate-based high-rise and multi-storey living turned out to be meaningfully correlated with social breakdown, crime and misery. Even in the best of conditions, they were hard to raise children in, tended to discourage close human relations and provided a myriad of hard to police, semi-private opportunities for crime often with multiple escape routes.

The vast majority of controlled studies conducted in the 1960s and 1970s showed that the residents of high-rise blocks suffered from more strain and mental health difficulties than those in low-rise buildings, even when socio-economic status was identical.¹² To cite only a couple of examples, a study of British military families randomly assigned to houses and 3-4 storey low-rise flats found those in flats suffered from about three times the rate of neurosis as those in detached houses, whilst also being 57 per cent more likely to need to go the doctor and 63 per cent more likely to be referred to a specialist. Increased sickness or mental strain were most pronounced in children under 10 and in women aged 20 to 29 and those over 40.¹³ A 1978 study of working-class and lower middle class residents of the Bronx in New York found “vast differences” between those living in high-rise and low-rise buildings. Those in high-rise had less social support, a lower sense of control over their lives and felt more crowded than their sociologically identical neighbours in low-rise buildings.¹⁴ Meanwhile, UK researchers found that mothers in flats were more depressed and lonely, that rates of

mental illness rose with floor levels, that psychological symptoms increased in high-rise buildings and that those moving out of high-rise became happier and less depressed.

There was also a reaction in popular culture. Whereas ten years earlier tower blocks were cool, by 1971 Stanley Kubrick used the recently completed Thamesmead development to symbolise the vicious dystopia of *The Clockwork Orange*.¹⁵

The consequence of this leviathan of evidence? Fashion and planning guidelines changed. Both parties shifted ground in response to the strong reaction against multi-storey modernist building. The subsidies to build high were reduced under the Labour government of Harold Wilson, and with the reduction in council housing construction under Margaret Thatcher, who also made clear her distaste for modernist architecture, multi-storey construction slowed and high-rise construction ceased completely. No private developers were prepared to build them. For twenty years far more houses were built than tower blocks or flats. Between 1979 and 1998, only 6 buildings higher than 35 metres were built in Britain. In 1997, 47 per cent of new homes were detached houses. Only 14 per cent were flats.¹⁶

Perhaps just as significantly, architects and town planners lost confidence in their judgement and their brave new worlds. In 1977, one of the apostles of monolithic slab-blocks, Peter Smithson, admitted that he had “made a big mistake” in his monumental designs for the Robin Hood Gardens estate.¹⁷ In 1980, the architect Walter Segal wrote:

*‘To humanise huge structures by architectural means is an unrewarding task. The loss of identity, the divorce from the ground and the collectivisation of open space pose dilemmas that cannot be disguised by shape, texture, colour and proportion. A good view over landscaped space compensates only a few. The human animal does not appreciate being reduced to the scale of a termite.’*¹⁸

Forty years on from the 1974 Housing Act, the pendulum has swung again and a mixture of sky high land prices and an anti-street high density, planning policy are again creating a high rise city. Our survey shows that the typical height increase in large London developments is around 227 percent. Around 240 towers of at least 20 storeys are currently being built or have planning permission in London. Many designers and architects are confident that “this time it is different” and that “now we know about design.” What this confidence is based on is not always clear.

But let us hope that they are right. Because, if they are not, the research carried out in the 1970s which helped halt the previous generation of multi-storey developments will become tragically relevant again. If we ignore it we are in danger not just of repeating the mistakes of the past but of inflicting misery on generations yet unborn. As George Santayana famously put it; “Those who cannot remember the past are condemned to repeat it.”¹⁹



FIG 5 Robin Hood Gardens

'A town for the 21st Century'

Richard Blakeway

There is a remarkable 1970 film of Thamesmead in the London Metropolitan Archives. It can be found on YouTube. It depicts, in glorious colour, the utopian vision of the future, as determined by the Greater London Council (GLC) planners and architects who designed and built the town. The optimism is palpable, the film's narrator describing 'what will be considered the best in years to come... a town for the 21st Century.'



Thamesmead arguably represented the apotheosis of local government housebuilding in the 20th century. That the estate transferred from the then GLC to the non-profit sector and is subject to ambitious regeneration plans by its new owner Peabody, underscores the transformation that social housing has undergone since the 1974 Housing Act. As public subsidy for affordable housing continues to undergo significant reform, it is timely to examine the legacy of the legislation which first introduced the concept of state subsidy forty years on.

Around the world, housing witnessed significant legislation in 1974. In the United States, the House of Representatives debated the Housing and Community Development Act, against the backdrop of President Nixon's impeachment, fundamentally reforming federal subsidies to support housebuilding. On the other side of the globe, the New Zealand Government was introducing the Housing Corporation Act, although this body would be somewhat different in scope to Britain's Housing Corporation, which was boosted by the Housing Act in the same year.

Here, that legislation was introduced against a housing backdrop that could not have been more different to today's. London's population was declining and the capital was not considered a global leader. The country was experiencing a rapid decline in the private rented sector, with a boom in owner occupation. There had been several decades of slum clearance and local government owned around a third of the nation's housing stock. Contrast that with today, London's population and economy is booming, but fewer than half of London's households own their own home. The private rented sector has grown, unfettered by rent controls – with institutional landlords returning to the market – and, of course, a variety of housing associations providing a significant proportion of the sub-market housing.

This last point about non-profit providers is critical. Forty years on from the 1974 Act (and dramatically boosted by the 1988 Housing Act), housing associations are now major players in London's property market, providing homes for more than one in ten Londoners and with development programmes that are currently providing more than a quarter of London's new housing stock. With growing demand causing a stretching of affordability like never before, the importance of sub-market housing cannot be overstated and housing associations continue to show vision and commitment to meeting Londoners' housing needs.

The unprecedented scale of demand for housing, especially housing that is affordable to ordinary working Londoners, poses new challenges to the model that has existed since 1974. More recent models of housing provision, such as Affordable Rent and Shared Ownership, create new business models for housing associations and open them up to the finance and property markets in ways that few could have predicted forty years ago. Similarly, programmes of market sales to finance cross subsidy represent a move away from reliance on grant funding.

Building on this evolution in affordable housing, there are interesting new models of delivery being mooted at the moment. The New Economics Foundation, for example, has set out a model of "flexible tenure", where the balance of units between affordable and private rent in large schemes changes according to a development's ability to provide a pre-defined income. This provides certainty of return for investors, which in turn lowers development costs and makes more funding available, especially from institutional investors.

FIG 6 Thamesmead Clocktower



The 'others' that housing associations could partner with are also changing. Boroughs, while significant developers with government grant in the 1970s, have been unable to build at scale since 1988. However, 2012's HRA devolution is beginning to change that. While they are unlikely to build in the numbers we saw forty years ago, they do now have a freedom to build that has eluded them for a generation. Although limited by the headroom cap, several boroughs have ambitious development plans, and those that have focused on paying down their debts are creating headroom that will enable them to have similarly ambitious plans in coming years. It is possible that the Housing Revenue Account reforms prove to be the boroughs' '1974' moment, potentially starting a process

where they are given the powers to act more like housing associations, especially in developing various models of subsidy to deliver affordable homes rooted in local communities.

We are also seeing an emergence of the much-talked-about-but-hitherto-little-seen institutional private rented sector market. Molior London estimates that London has a pipeline of 12,000 purpose-built PRS homes built or planned, more than has been seen for decades. Institutional funders like Grainger and Aviva, and market entrants like Essential Living, as well as Thames Valley Housing Association's Fizzy Living and Genesis' Halo developments are fuelling this pipeline. The Greater London Authority (GLA) has plans to boost development capacity further by helping the smaller housing associations in the g320 amass their borrowing and development ambitions, further boosting capacity in the market.

So: what next? From highly localised and specialised providers of housing in a role that was distinct from, and complementary to, that of local authorities, following the 1974 Act the g15 alone manage 410,000 homes in London, which is twice the number of households in Liverpool. Their combined surplus topped £1bn last year – a huge amount for reinvestment into housing.

These very large social businesses face the same challenge that they did after the 1974 legislation – to balance their social purpose with their business and operational independence within the Housing Corporation's (and now Homes and Communities Agency's) regulatory framework. As the grant funded regime evolves into a more diversified cross subsidy model, this is a tension that requires ever more careful navigation. The challenge is one that the GLA recognises, striking the balance between the demands of boroughs for nominations, maximising output for its grant, tenants for support during a period of austerity, and lenders for stable debt repayments. The regulator, too, must achieve a careful balancing act – ensuring freedom for investment and new supply, but also protection for tenants and the public's interest and assets.

However, the need for new homes in London, across all tenures and price points, is greater than ever, and housing associations both large and small have a fundamental role to play in meeting this need. That's why Octavia Housing's Chief Executive, Grahame Hindes, was right to challenge for housing association colleagues to deliver an increase of 3% in their stock each year, and has called on associations that develop in London to rise to this challenge. For some it will mean a significant ramping up of their delivery capacity. But, as the Further Alterations to the London Plan show, the capital needs to at least double its housing supply to even begin to meet its historic and arising need.

The GLA is playing its part since taking on the funding powers of the London HCA, with innovative policies such as the London Housing Bank and Housing Zones and

with its programme of land disposals for new homes. Other key players must redouble their development efforts to support this cause.

Housing associations are not just developers and managers of housing. They have a huge role to play at the heart of their communities, rooted in their pre-1974 original purposes as community-based housing bodies. The best housing associations see themselves as supporting their tenants and enhancing their opportunities, whether they relate to employment, skills, enhancing community cohesion or maximising social value. The importance that associations place on this historically central role, given all the other considerations that they have, is testament to their continuing value in the housing firmament.

From small scale but hugely important support to individual tenants, to enabling roles for local communities, and all the way through to driving forward huge regeneration projects, housing associations' abilities and ambitions have grown beyond all imagination since the 1970s. Whilst retaining their roots, they are now major placeshapers in large parts of London. Peabody's investment in Thamesmead is evidence of the transformation of housing associations in the past forty years and how they can transform places and communities. It may be a different financial and political world for housing since the 1970s, but it will be a better Thamesmead.

FIG 7 Thamesmead South



We are all house builders now!

Liz Peace CBE

The British Property Federation (BPF) has traditionally been thought of as the representative body of the commercial property industry. Home building – or indeed house building – was seen to be the preserve of a completely different body and a completely different sector of the property industry.



This was notwithstanding the very vocal cadre of BPF members who provided the residential variant of commercial property, namely homes for rent through the private rented sector. But that particular sector had in practice been under siege for many years and increasing regulation and a perception that all private landlords were “Rigsbies” intent on fleecing their tenants seemed likely to consign it to history.

What a difference a mere thirteen years – and a severe housing crisis – has made.

I will not go into all the reasons for that crisis. Suffice it to say that on probably the most conservative estimates we need somewhere in the order of 230,000 to 250,000 new homes every year and at the time of writing new supply of all types – homes for sale, homes for rent and social/affordable – amounted to some 165,000.

Obviously, the traditional volume house builders will continue to provide the greater proportion of that requirement and a range of government initiatives from planning reform to Help to Buy to release of public sector land are all playing a part in bolstering both supply and take-up. But there is a range of other, less traditional providers who are also going to make a dent in that deficit and it is on these that I want to focus my attention.

First of all, the private rented market. Over the last 15 years, the supply of properties for private renting has increased from 2 million to 4 million,¹ mostly from small landlords with just a handful of properties acquired through a burgeoning Buy to Let mortgage market. This took a knock during the years of the financial crisis but we should not ignore the contribution made to housing supply by these ‘mama and papa’ investors. The smaller end of the landlord market does, however, have its drawbacks and the inevitable lack of professionalism in management and the concern over standards in the rogue landlord community is what allows politicians, particularly Labour ones, to call for greater regulation and intervention.

The answer to that is what we in the BPF have always called the professional private rented sector – backed by institutional investment. But this has not been an easy cause to promote on account of the unwillingness of potential investors to see value in large scale rented development and the lack of availability of stock and management solutions. The Americans seem to have been able to do it with their Multi-Family Housing but we in the UK have struggled. This may be about to change, following a suite of Government and other reviews and a whole host of initiatives, including a Build to Let Fund and a Rental Guarantee Scheme aimed at making the numbers for private rented sector (PRS) investment look more attractive. The institutions are starting to dip their toes in the water and hardly a week goes by without a further announcement of intent. Actual progress on the ground is still slow but it does look as if finally we may be about to establish renting – of good quality and well-managed apartments – as an acceptable tenure of choice. If this does really take off it will not be just the traditional PRS investors who provide the homes but a whole range of new investors and developers including some of the traditional volume house builders and commercial property players who see possibilities for making a return from residential renting.

That leads me on to the second group of new housing providers, namely the commercial developers who form the majority of the BPF membership and have traditionally built offices and shopping centres, usually as part of major mixed use schemes. This concept of mixed use development really got going during the Prescott years of the last Labour administration – despite a degree of reluctance from the traditional commercial developers, who saw only management challenges in integrating residential with offices and retail. Now all the commercial developers are at it, particularly in and around London where residential values and the demand from overseas investors make such investment a no-brainer. Of course that can lead to a political backlash over foreign sales, but in reality they are merely the financial icing on a cake that allows such ambitious developments to be financed in the first place. The important statistic to remember is that over the next year, the commercial investment industry is likely to be making investment of somewhere in the order of £5bn into housing supply,² which to put it into context is the same as public sector investment into the Government’s 4 year affordable homes programme. By way of illustration, one single development area – Vauxhall/Nine Elms – will be delivering 18,000 units which compares favourably with the annual output of 60,000 of the UK’s top ten house builders.

The third of the contributors to housing supply are the Registered Providers, previously known as housing associations, such as Peabody, London and Quadrant, Places for People and the Guinness Trust to name but a few. All of these organisations are looking far beyond their traditional role of providing subsidised social housing and have ambitious development plans that will produce homes for sale, homes for rent, shared ownership and affordable housing from the social end of the spectrum right through to the Government’s affordable rent. To some extent, the likes of



FIG 8 Rosendale Road, built 1983

Peabody have been driven to this ambitious mixed development model by the lack of government subsidy; simply in order to provide, say, fifty homes for shared ownerships and affordable rent requires a cross subsidy from an equivalent number of homes for sale or market rent. But we should not ignore the benefits that will derive from the better balanced communities that such mixed development will produce. And the numbers involved are significant. According to the National Housing Federation, its members could build as many as 120,000 homes per annum over the next twenty years, of which a third would be likely to be for market rent and market sale.³

So, this is a very different picture from 12 years ago when I joined the British Property Federation. Instead of private housing provision being confined to just the volume house builders with a little bit of build to rent from the commercial operators, the economic fundamentals of residential and the increasing demand from new households have led to a massive growth in alternative providers. This has resulted in a blurring of distinction between house builders, who may end up being landlords; commercial developers, who are often diversifying into build for sale; residential landlords, who are not only benefitting from enhanced investment but are often themselves building a mixture of homes for renting; and sale and Registered Providers, who are turning into both commercial landlords and volume home builders. That explains why the British Property Federation finds itself increasingly speaking up on housing matters, not just in the private rented sector but across the other sectors as well.

One advantage of all of these newer entrants to the wider housing market is that they want to think big and achieve developments in the hundreds, not just the odd few houses here and there. To keep up with them, we need a public sector that is also prepared to encourage housing on a large scale. The planning reforms of the current Coalition Government have undoubtedly helped: the National Planning Policy Framework, compared with the mess that it replaced, is a masterpiece of simplicity that does not allow local authorities to slide out of their responsibility to provide the homes that their residents – both existing and aspiring – need. But we need some more big gestures – such as support for Garden Cities or, perhaps more realistically, Garden Urban Extensions; support for new settlements such as Peabody's Thamesmead project; large scale releases of public sector land, together with a willingness to enter into innovative joint ventures that allow a build now pay later type of scheme; financial inducements to make large brownfield sites viable; and, probably most controversially, a willingness to look at selective developments in the Green belt. That is the only way we are going to be able to take full advantage of the new entrants to the homebuilding market and allow them the scope to help solve our housing crisis.

‘Crisis, what crisis?’ Rhetoric and inaction in housing provision

Christopher Boyle QC

Forty years on from the 1974 Housing Act is a good moment to reflect. In those 40 years, we have seen provision of social housing move from (primarily) the local authorities building “council housing” to (primarily) registered social landlords building or owning “affordable housing”. For practical purposes, most affordable housing now delivered is as a percentage share of an otherwise market-led development scheme.



In that time, the “affordability” of housing has worsened dramatically; the number of people – in absolute and percentage terms – in “affordable housing need” has spiralled and provision has failed to keep pace with what is required.

But why?

Part of the problem is access to money. With the liberalisation of lending in the 1980s, people could borrow more. They could afford to pay more for their homes. This, in theory, could have meant that they could pay for better homes than they were previously able to buy. For some that may have been true. But if *everyone* has access to increased borrowing, the economic cohorts simply move en bloc, not to better homes but into paying more for the same homes.

Part of the problem is the cessation of public sector house building, coupled with a reduction of “council housing” stock through right to buy and “staircasing”. I have no figures on this, but suspect its overall effect may be over-played by those whose sympathy lies in state provision (and, perhaps, under-played by free-marketeers).

The real problem though is that we have been building too few houses *of any sort*.

Affordability is a function of income against house prices. The government guidance on assessing housing need¹ gives a threshold of affordability. To buy, a dwelling is affordable if it is less than 3.5 x gross household income. To rent, a dwelling is affordable if the rent is no more than 25-30% of gross household income.

Income is a function of the national economy and, for individuals, where one sits in the economic spread. At whatever prices (to buy or rent), there will be some who are unable to afford it and who will therefore need social (i.e. subsidised) housing or

welfare support to pay market housing rates.

This is well recognised: the poor are always with us. But what has changed dramatically since 1974 is the socio-economic spread of those who cannot afford the housing they need. That is simply because in those 40 years, house prices have increased at a rate markedly above the rate of increase in earnings.

This year, the ONS² showed an average house price across Britain of £272,000; in London the average was £514,000. This represented a new peak in house price figures, ie they are higher now than they were before the recession, and the climb seems inexorable.

Given the affordability thresholds set out above, this growth in house prices needs to be compared to incomes.

HMRC³ data showed 50% of the working population had earnings before tax for 2012 – 2013 of £21,300 or less. But to afford an “average” house at £272,000, gross household income should top £77,700. Fewer than 5% of the working population have incomes in excess of £70,000 before tax. Even assuming both of a couple work (i.e. to provide £38,900 for each), this would exclude more than 75% of the working population.⁴

These figures are crude, they deal with averages, and the regional variations make things even more marked. ONS reports £514,000 as an average house price for London, and £337,000 for the South East. Gross household income for these ‘average’ houses would be £147,000 pa and £96,000 pa respectively.

It also ignores the nature of the accommodation actually needed. For example, recent data from the Partnership for Urban South Hampshire (‘PUSH’)⁵ shows headline figures 44% of all households (and 53% of newly forming households) ‘unable to afford market housing’. But looked at more carefully, this is merely a measure of those who cannot afford to *rent* a one bedroom flat. 56% did not need a one bedroom dwelling; they needed 2 bedrooms or more. For them, to rent a one bedroom flat would still leave them in housing need. The prospect of buying what they need is simply left out of the equation.

With statistics like this, it is not surprising that organisations such as Shelter observe that, for most, home ownership is a ‘dream beyond their reach’.⁶

How did it all go so wrong?

In my view, it is simple. House prices are a function of supply and demand. Population growth, reduced household sizes, demographic shift and increased access to borrowing



FIG 9 Webber Row,
built in 1976

have increased demand. Supply has not kept pace. We are not building enough. Effect: prices rise.

Moreover, with dwellings accounting (by necessity) for a significant proportion of the home-owner's financial investment, the market reacts not to the earning potential of the bricks and mortar bought as, say the commercial property market does, but to the underlying truth of the planning system: not only are we not building enough, we are *never* going to build enough. House prices rise in the expectation of not just an existing squeeze on supply against demand, but a continued squeeze. For ever.

Now, if one listens to the political rhetoric, this should not be the case.

Ever since the Barker Report,⁷ which heralded John Prescott's PPS3 and the concept of a five-year housing land supply, housing has been recognised as a basic human need and the failure to deliver enough of it as a social as well as an economic issue. The 2007 Housing Green Paper⁸ sought to see 240,000 new homes built per annum by 2016 to reach a total of 3 million by 2020.

Hear, then, the comfortable words of our politicians:

In the Foreword to the 2011 "Housing Strategy for England", the Prime Minister and the Deputy Prime Minister announced:

*'One of the most important things each generation can do for the next is to build high quality homes that will stand the test of time. But for decades in Britain we have underbuilt.'*⁹

In the March 2012 National Planning Policy Framework (NPPF), paragraph 47 sets five bullet points of actions local planning authorities should follow 'to boost significantly the supply of housing.'¹⁰

In March 2014, in his Budget speech, the Chancellor of the Exchequer stated: 'Budget 2014 sets out further action to help business... and to increase housing supply.'

But this rhetoric is not matched with delivery.

Looking back from May 2012, the House of Commons Communities & Local Government Select Committee dismally reported:

*'The country has not come close to delivering the number of homes it needs for many years, and this has been exacerbated by the recent financial crisis.'*¹¹

Putting numbers to that sentiment, Professor Paul Cheshire estimated that

*'between 1994 and 2012 building fell short of what was needed by between 1.6 and 2.3 million homes.'*¹²

Rhetoric on the one side and inaction on the other. The effect is that while there is no question that the nation needs more housing, there is equally no question that it is not providing those homes.

The curious matter is that, as a result of the rhetoric, planning policy at national level is to provide what is needed. The first bullet point of paragraph 47 in the NPPF cited above is that local planning authorities should

'use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the market area, as far as is consistent with the policies set out in this Framework.' (emphasis added).

This injunction to first identify objectively and then meet in full the development needs of the area is repeated throughout the NPPF: at paras. 14, 17, 158, 159, 182. There should be no doubt about it. But how often, in practice, is this carried through into policy making and into decision-taking?

The recently examined 'Further Alterations to the London Plan'¹³ are a case in point.

Objectively assessed needs across London for 2015 – 2026 were put at 49,000 – 62,000 dwellings *per annum*. However, the Strategic Housing Land Availability Assessment (SHLAA), which underpinned the Borough (and hence London) delivery targets, identified a capacity of just 42,000 dwellings per annum (dpa).

Across the plan's period, this amounts to a 77,000 – 220,000 dwelling shortfall. To be fair, the Mayor has said that the SHLAA is a "minimum" and he would like to exceed it. But even his 42,000 dpa is said by the Boroughs to be 'challenging',¹⁴ 'ambitious'¹⁵ or

just plain 'not achievable.'¹⁶

The findings of the SHLAA must be scrutinised critically. Building more houses is about making choices. It means increasing density on brownfield land. It means changing the land use on greenfield land. In a market such as London, it is political rather than economic factors that prevent more housing being constructed. The Boroughs have signalled their reluctance even to build that which the SHLAA says they can.

Outside London a different game is at play. Following The Rt Hon Eric Pickles MP's devotion to "localism" – widely seen as a "thank you" to grass roots for the last election – regional planning was abolished and it is for individual Districts to determine not only what and where development should be delivered, but how much is needed in the first place.

Hence the amusing repetition of the words "objectively assessed" throughout the NPPF. Central government knew full well the temptations facing local politicians. They are the ones facing the grassroots voters. Their Ward consistencies are small and potentially vulnerable to disgruntled property owners who have seen their neighbouring fields become housing estates for others. Rising house prices are a precious boon if you own a house; they may be an acute necessity if it is mortgaged.

Rather than "evidence based policy", the danger of "localism" is that we would have "policy based evidence", as local politicians identify a palatable "delivery" level, and back-calculate the "need" accordingly.

Sadly it is my experience that, notwithstanding the repeated injunction to be "objective", it is too often what we are getting up and down the country – sometimes successfully disguised, sometimes less so – as local authorities produce their 'housing needs assessments'.

In particular, the influence of affordable housing on overall housing needs is repeatedly brushed to one side as "an outlier", an assessment that would provide a housing need figure simply too large to bear contemplation.

This can happen in two ways. Firstly, the affordable housing need shown in the SHMA can be such a high proportion of the overall planned provision that it is plain that the delivery mechanism of taking a, say, 30% share of total delivery as affordable will not provide the affordable houses needed. Secondly, the SHLAA itself can underplay the affordable housing need by manipulating the statistics used, such as threshold levels, net to gross assumptions and benchmarking ability to afford against accommodation which is itself unsuitable.¹⁷

In frank contradiction to the requirement in paragraph 47 of the NPPF to identify

and meet full needs for both "market and affordable housing", a much lower figure is arrived at.

This will not deliver the affordable housing required, but the malaise goes deeper still. The policy-based-evidence approach underplays housing need generally. It looks to demographics and projections, not demand and market signals. It predicts a "need", which undershoots the market while at the same time has no control over the market. Result: prices continue to rise.

In these circumstances, affordability – the relationship between household earnings and entry level pricing for the accommodation required – will worsen. The implications for affordable housing provision then faces a "double whammy": less affordable housing is built than is needed already and more people find themselves priced out of the market and, hence, in need. The solution is not just to build more social housing – it is to build more housing, full stop. But our local politicians duck and weave and dodge and bluster to avoid doing so.

This is the crisis facing housing in this country. It is a crisis with a real human face and with real economic and social consequences. It is a crisis recognised in the rhetoric of politicians at a national level and in the wording of planning policy at a national level.

It is, however, the victim of local politicians doing the electoral math: voters with houses, for the time being at least, outnumber voters who do not.

Endnotes

The 1970s – the decade the music stopped

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We are all house builders now!

Liz Peace CBE

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'Crisis? What Crisis?' Rhetoric and inaction in housing provision

Christopher Boyle QC

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- ¹⁴ London Borough Harrow
- ¹⁵ London Borough Tower Hamlets
- ¹⁶ London Borough Southwark
- ¹⁷ See the PUSH SHMAA example give above.

Contributors

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Lord Best is a crossbench member of the House of Lords. He was Chief Executive of the National Housing Federation from 1973-1988 and Chief Executive of the Joseph Rowntree Foundation from 1988-2006. He became Chair of Hanover Housing Association in 2006 and stepped down from this position in 2014. He is currently Chair of the Lords Communications Committee and Chair of The Property Ombudsman.

Richard Blakeway

Richard Blakeway is Greater London Authority's Deputy Mayor for Housing, Land and Property. Richard has previously worked in the House of Commons, as an advisor to the Government of Somaliland and as an election observer in Ukraine. Richard is a Young Ambassador for the Samaritans and Fellow of the Royal Society for Arts. He is a trustee of the Chartered Institute of Housing, and chairs the Homes for London board.

Christopher Boyle QC

Christopher Boyle QC is a barrister at Landmark Chambers, a trustee of The Prince's Foundation for Building Community and formerly a member of The National Trust's Council. He specialises in town and country planning, environmental, compulsory purchase and infrastructure law. He was Secretary of the Planning and Environment Bar Association from 2006 – 2013.

Nicholas Boys Smith

Nicholas Boys Smith is the founding director of Create Streets, a social enterprise and research institute encouraging more urban homes with terraced streets to be built, not complex multi-storey buildings. Nicholas Boys Smith was a political advisor and strategy consultant at McKinsey & Co. before becoming a director at Lloyds Banking Group. He is a Consultant Director of the think tank Reform, a Board member of the Swan Foundation and a member of the Academy of Urbanism.

Stephen Howlett

Stephen Howlett is Chief Executive of Peabody. Before joining in 2004, Stephen was at the Amicus Group where he had been Chief Executive since the group was established in 1999. Prior to that Stephen was Chief Executive of Swale Housing Association. He is also a board member of Asset Skills, Pro Chancellor and Chair of Court at the University of Greenwich, and a member of the Guardian Housing Network Advisory Panel.

Liz Peace CBE

Liz is Chairman of Good Relations Property, a trustee of LandAid and the Churches Conservation Trust and a Governor of Peabody. She is also a non-executive director at Morgan Sindall plc and Redrow plc. From 2002 to 2014, Liz was Chief Executive of the British Property Federation and was successful in changing the Government's perception of the commercial property industry and establishing it as a key voice in policy debate. She was awarded a CBE in the 2008 New Year Honours list for services to the property industry.

Dr Graham Stewart

Dr Graham Stewart is a noted historian of twentieth-century British politics and the media. A former leader writer and columnist for The Times, he is the newspaper's official historian and author of The Murdoch Years. His sixth book, a study of British politics and culture in the 1980s, *Bang!* was published in January 2013.

Edward Wild

Edward has been a headhunter for more than a decade, working for a number of housing providers: both commercial and associations. He co-founded Wild Search in 2010 and has written for a broad range of publications. He is the co-author of two Wild Search reports on Education Governance and a report on Portfolio Careers. He also edited a collection of essays to commemorate the 25th Anniversary of the 1988 Education Reform Act.

The Rt Hon Sir George Young Bt CH MP

Sir George Young is the Conservative Member of Parliament for North West Hampshire. He entered Parliament in 1974 as the Member for Ealing Acton and has been in Parliament ever since. He was a Junior Housing Minister from 1981 to 1986 and was promoted to Minister for Housing and Planning by John Major in 1990, during which time he pioneered a programme of large-scale voluntary transfers of housing stock from local authorities to housing associations, and the introduction of Housing Action Trusts.

Image Acknowledgements

COVER ILLUSTRATION

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The views and opinions expressed in these essays are those of each author, and do not necessarily reflect those of Wild Search and Peabody.

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About Wild ReSearch

Wild ReSearch is the thought-leadership and publication division of Wild Search. Since 2011, we have produced a dozen publications on both policy-related issues and corporate histories.

For more information, please visit www.wildresearch.org.uk

About Peabody

Peabody is one of London’s oldest and largest charitable housing associations. It was founded in 1862 by George Peabody, an American banker, philanthropist and diplomat who was appalled at the slum conditions he found in his adopted city of London. He set up the Peabody Donation Fund to “ameliorate the condition of the poor and needy in this great metropolis”. In his lifetime, he donated £500,000 to the Fund – equivalent to many millions today.

The Fund’s first dwellings for the “artisans and labouring poor of London” were opened in Commercial Street, Spitalfields, in February 1864. These flats (no longer owned by Peabody) housed 66 low-income families and included provision for shops and laundries. He may not have realised it at the time, but he was one of the pioneers of social housing as we know it, and this marked the beginning of his and our work in London.

A hundred and fifty years on, The Peabody Donation Fund – now known as Peabody – is thriving. It even has its own Act of Parliament stipulating Peabody’s objectives to work solely within London for the relief of poverty. Today we own and manage around 27,000 homes, providing affordable housing for more than 80,000 people.

We have estates and properties in more than 30 London boroughs and we manage a range of tenures, including social housing, leasehold, shared ownership, supported housing, keyworker accommodation and commercial units.

The nature of poverty and deprivation may have changed over the past 150 years, but our mission is as relevant today as it was then: to make London a city of opportunity for all by ensuring as many people as possible have a good home, a real sense of purpose and a strong feeling of belonging. We provide a wide range of community programmes for our residents and neighbourhoods, including help with employment and training, health and wellbeing projects, family support programmes, welfare benefits advice and activities for younger and older people.

Peabody is growing, and we recently welcomed Gallions Housing Association into the Group. Gallions manages around 6,500 homes, mostly in Thamesmead, south east London. We are investing an initial £225m in Thamesmead and, working in partnership with others, we will transform it into a vibrant place to live, work and visit.



Wild Search

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The Housing Act of 1974 was a pivotal piece of legislation for housing in the UK. The Act brought reform and innovation to housing and rent, and though it has been amended since, its changes to the relationship between housing associations and the state have left their imprint on the housing sector.

In 2014, the 1974 Housing Act reaches its 40th anniversary. To mark the occasion, Wild ReSearch, in collaboration with Peabody, presents this collection of essays to examine the history of the act, its subsequent impact, and how it has shaped housing policy to this day, including taking a look at where housing legislation might go next.

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