



# HOUSING — IN SEARCH OF THE FACTS

By Peter Rhodes

AS A domestic political issue the subject of housing gives rise to the release of much strong feeling. The passage of the 1957 Rent Act through Parliament clearly illustrated the emotions of the political contestants in the Rent Control debate. The Conservatives stressed the importance of restoring a free market in housing and their Socialist opponents insisted that this would open the gate to exploitation and suffering. Up to that time little attempt had been made to ascertain the facts of the housing situation, although many individual examples were cited as arguments both for and against control. Since that date a considerable amount of research has been undertaken, much of which was at the instigation of the Joseph Rowntree Memorial Trust. A recent report\* on the results of a national housing survey (carried out by the British Market Research Bureau in 1962) makes possible a new and enlightened approach to the subject.

In the report there is evidence which shows that the effects of the 1957 Act in stimulating improvement and construction of rented property were neither as successful as the Conservatives had hoped nor as disastrous as the Socialists had feared in terms of high rent increases. While it could not be denied that steep rent increases had occurred in some places, particularly in the densely populated parts of London, this was by no means true of the country as a whole. In 1962 the median annual net rent for a controlled tenancy was £40; for a decontrolled tenancy £56, and for a Council tenancy £65. These startling figures reveal the effects of more than fifty years of a controlled and subsidised market. In 1962 over one quarter of controlled tenants and one-fifth of decontrolled tenants paid less than £30 a year: four per cent paid less than £10! An earlier Rowntree survey showed that the 1957 Act did not have a significant impact on inducing landlords to repair houses — many repairs were undertaken by tenants themselves. Nor is there much evidence to suggest that decontrol stimulated the provision of more new houses to rent. It is suggested in the report that the decline in the provision of privately produced accommodation for rent started before 1915. Investment opportunities in other fields with less management problems and higher returns, the growth of the Building Societies and the entrance of local authorities into the housing market were important factors in restricting privately sponsored rented housing.

\**English Housing Trends* by J. B. Cullingworth, Senior Lecturer in Urban Studies, Glasgow University. G. Bell & Son, 2s. 6d.

Decontrol should have established a fairer relationship between landlords and tenants and as a result encouraged the re-letting of houses that became vacant. Nevertheless, the stock of privately rented accommodation declined with the decontrol process due to redevelopment and direct sale for occupation. With this decline in available rented accommodation, rent subsidies from National Assistance remained constant, reflecting the effect of higher rents. The fact remains, however, that in the main, rents in the private market are still very low. Moreover the evidence suggests that while decontrol presupposed that landlords and tenants would act in a logical economic manner, *i.e.* the former increasing rents and improving property, and the latter moving where possible from large expensive units to smaller cheaper ones according to income, what occurred was a change in the type of tenure. Many older decontrolled rented houses became owner occupied. This trend, unfortunately, did nothing for those with the greatest need, those who could not raise money to purchase a house or flat. In these circumstances the owner of rented property seems "doomed to extinction", although the pace of extinction will probably be slowed down by imminent legislation.

The changes in the pattern of house tenure are clear. Between 1947 and 1962 the percentage of owner occupiers of all households increased from 26 per cent to 43 per cent. The percentage of Council tenants increased from 13 per cent to 21 per cent of the total. In 1947, 57 per cent of householders lived in unfurnished rented accommodation, but by 1962 this proportion had declined to 32 per cent. The report underlines the fact that today housing subsidies are enormous and may be broadly classified as follows:

Council House subsidies	£135 million p.a.
National Assistance direct subsidies	£100 million p.a.
Schedule "A" savings for homeowners (Counted as a subsidy to the extent of comparable tax liability if capital invested in equities)	£190 million p.a.
Subsidies through rent controlled private sector	£40 million p.a.
	£465 million p.a.

In addition to this figure there is an unknown but large subsidy to house purchasers by way of tax deductions on interest repayments. There is a little doubt that under the present tax and subsidy systems there is little incentive to invest in homes for letting at economic rents. This

in turn emphasises the essential poverty problem of those at the lower ends of the income scales who, but for subsidies, would not be able to afford a home.

The report stresses that the housing problem is a many sided one. Contributing difficulties are rising land costs, low incomes, hidden subsidies, rent control, population distribution, decreasing family size and the life span and durability of houses. Three particular problems stand out: high payments paid by the young, the diminishing chances of escape from low quality housing of poorer families, and the difficulties of the aged and the single. Behind these problems are the anomalies of a two class market and misguided handout systems.



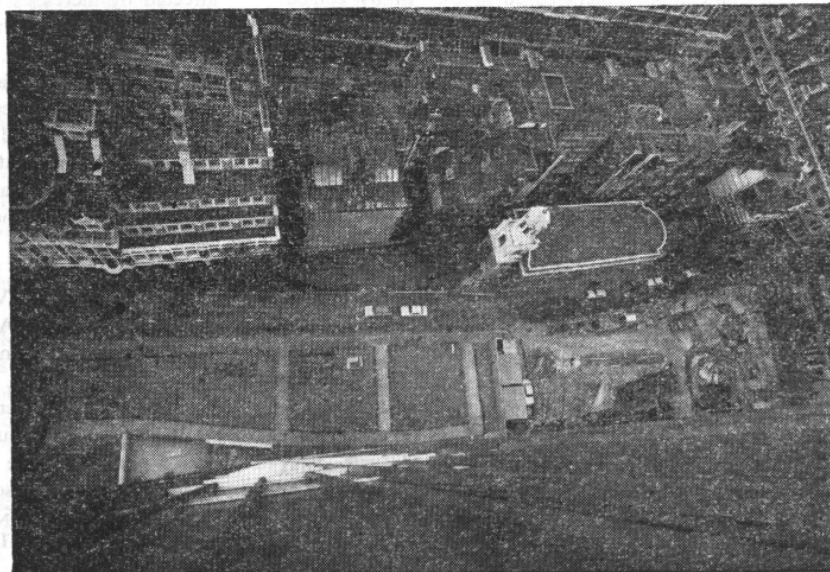
The report is well worth detailed study and is a timely addition to the stock of factual knowledge. What is now required is a fundamental approach to the housing problem. The first question to be asked is why people in the lower income groups were able to afford to buy their own houses before the last war, while their counterparts today find it almost impossible. And why it takes the joint incomes of the working man and his wife to buy a house, where in the 1930's the husband's income was sufficient.

## PAVED WITH GOLD

It has been agreed to sell this site in London Wall, in the City of London, for £910,000. Its size is 130 yards by 15 yards wide and it is to be sold by St. Martin's Property Corporation to the City Corporation for use as part of a motorway strip. The price works out at nearly £2½ million per acre.

What has given this site its value? Certainly nothing its owners present or past could possibly have done.

Photo: *Daily Mail*



Two steps could be taken now. One is the bringing down of the price of land and the increasing of its availability through the taxation of land values and freeing of land from planning control, and the other is the rationalisation of housing subsidies of all kinds so that only those whose need is imperative benefit at the general expense of the Community.

## The Heart of the Problem

**THE PROPOSALS** made by the Association of Municipal Corporations on rating reform constitute ideas for a tidying-up operation rather than for reform. The Association itself admits that all its proposals would mean an additional rate income of nine per cent, and that this is barely enough to meet the increased expenditure of a single year.

To any Government considering a rate reform programme, therefore, the report is of a merely marginal value. It does not go to the heart of the problem.

There is little doubt that the Liberals have the most politically attractive proposals for rate reform. Yesterday their spokesman summed it up briefly: "If rates were based on land values, instead of building, the average householder's rates bill would fall by 25 per cent, and the community would begin to collect some part of the vast profits which have been made from land in recent years — profits which have not only pushed up house prices, but have also substantially increased council house rents."

— *Sheffield Telegraph*.