



Quality affordable homes for all

In the past when a housing crisis loomed, politicians of all hues considered the part that council housing could play in providing access to good quality, affordable rented homes. But now, council housing has become so stigmatised that, even though it could offer a major contribution to meeting the housing needs of the nation, it is overlooked as a solution.

There is much to welcome in the Housing and Regeneration Bill's plans for three million new properties by 2020. But the Bill, currently at House of Commons report stage, fails to recognise the potential of local government in meeting the nation's housing needs. Its very existence is tacit recognition that the market has failed to replace stock sold under Right to Buy and deliver an adequate supply of sustainable, affordable homes. And yet, the Bill as it stands does not enable councils to play the vital role they are ideally placed to play in building, refurbishing, managing and maintaining such homes.

That is why the Association for Public Service Excellence (APSE) has joined with other organisations to lobby for amendments to the legislation. In terms of finance, we are calling for councils to have access to grants from the new Homes and Communities Agency and for changes to Section 80 of the Local Government and Housing Act 1989. This would mean the inclusion of a subsidy formula within the Housing Revenue Account (HRA) to give councils freedom to create an investment allowance for new build – as well as ongoing stock maintenance.

A quick look at the math demonstrates what could be possible under such changes. The Department for Communities and Local Government (CLG) itself estimates HRA surpluses of £194m for this year alone. That could finance 26,000 new homes - assuming six per cent interest rates and building costs of £100,000 per property. CLG figures also show that projected surpluses on national HRA over the next 15 years amount to some £7.5bn. Imagine what could be achieved if councils were given the necessary headroom to invest that sum in affordable housing.

APSE is pleased to be included in review of the HRA, announced earlier this month. But this will take eighteen months to complete and its scope is still to be finalised and could, ultimately, be narrow. A legislative commitment to a sustainable future for council housing in its broadest sense is needed as a matter of urgency.

With their strategic responsibility for economic development and environmental sustainability, councils could ensure that the provision of new homes links with other national and local objectives. A prime example would be using building

apprenticeship schemes to fill massive construction skills training gaps.

APSE is not suggesting that councils do everything. All types of social landlords and the private sector need to work together to tackle the housing crisis. However, council housing has not been placed on the same financial footing as other options. Local authorities were able to build just 277 new homes in 2006 when they could, and should, be an equal partner in a diverse housing sector.

If we get it right, this Bill is an opportunity to deliver joined-up solutions to benefit entire communities. If we get it wrong, the consequences will reverberate for generations. That is why APSE and its partners are urging MPs to support these amendments.

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