



DEPARTMENT OF THE ENVIRONMENT

2 MARSHAM STREET

LONDON SW1P 3EB

01-212 7601

MINISTER FOR HOUSING AND CONSTRUCTION

5 December 1980

Mike Pattison Esq
Private Secretary
10 Downing Street
London
SW1

Dear Mike,

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You spoke to David Edmonds and me about Hencke's article in the Guardian today on housing association expenditure.

/ I attach a briefing note agreed by the Minister and a copy of the Secretary of State's letter of 3 December to the Leader of the House which is also relevant.

I am copying this letter to the private secretaries of the Leader of the House and the Paymaster General.

Yours sincerely,
Hazel Parker-Brown

MRS HAZEL PARKER-BROWN
Private Secretary



Minister for Housing and Construction

BRIEFING ON GUARDIAN ARTICLE "NEW BAN WILL HIT HOUSING ASSOCIATION"

5 DECEMBER

Mr Heseltine said in the House on 25 November (Hansard, col 495)

'I have asked the Housing Corporation so to regulate the flow of schemes as to ensure that its cash allocation is not exceeded and that only projects of the highest priority are allowed to proceed.'

- There has been no cut in the Housing Corporation's cash allocation of £420 million for 1980/81.
- The latest figures indicate a possible overspend of at least £50 million in 1980/81.
- If no action had been taken to restrict expenditure this year, the result could have been a still higher overspend.
- Approvals will continue to be given to high priority schemes details of which have been set out in a circular issued by the Housing Corporation today.

Government poised to stop

all new public housing starts

New ban will hit housing associations

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By David Hencke
Planning Correspondent

The Government is about to halt all new housing association schemes until next April and order a number of associations to postpone the signing of new contracts.

The Housing Minister, Mr John Stanley, is to issue a circular to the 3,000 housing associations informing them of the ban. It will mean that not a single council or housing association home will be started during the winter, the Environment Secretary, Mr Michael Heseltine, has already stopped local authority building.

The housing association circular will also try to stop schemes already approved by the Housing Corporation, the quango which acts as banker to associations.

It will instruct associations, where contracts still have to be exchanged, to delay development until the spring.

The need for a new ban — an earlier moratorium was hastily imposed in September and then lifted — follows a miscalculation by the Department of Environment and the Treasury on the number of homes which

could be started within Treasury cash limits.

The Treasury first estimated that the £420 million available could provide 20,000 homes. The Housing Corporation warned the Department of Environment that this was over-optimistic, but Ministers ignored the advice.

Now Mr Stanley has discovered that the allocation will only cover the building of 12,000 homes and associations with plans for another 8,000 homes will have to wait until May to receive approval.

Housing associations have taken the largest share of all housing cuts since the Government came to power last year. In the last financial year 43,000 homes were completed. This year only 12,000 homes will be started.

The new ban is expected to lead to strong opposition from the National Federation of Housing Associations, which has been campaigning to stabilise the building programme at 20,000 houses a year. It will also be raised when the Archbishop of Canterbury, Dr Robert Runcie, meets Mr Stanley at Lambeth Palace to discuss housing matters.

Gray 13 eminence

THE wily ways in which a democratic opposition can foil and harass a majority have been entertaining—or infuriating—citizens of West London this week. The dignified proceedings of Hammersmith and Fulham council have been turned into farce by a left-wing Labour councillor, Mr Ian Gray.

He objects to the council's plans to close down William Parnell House, one of its blocks of flats, and he hit on a cunning way to sabotage the proceedings. When the motion was tabled to dispose of the flats, he presented an amendment suggesting the compulsory purchase of part of the exclusive Hurlingham Club.

This apparent absurdity—the idea was to use some of the Hurlingham's sweeping lawns in Fulham to build new homes for the William Parnell tenants—was not as impractical as it seems. Hammersmith's Tories only maintain their hold on power by way of a coalition with two Liberal councillors. And five Conservatives, Mr Gray discovered to his glee, are members of the Hurlingham Club.

This disqualified them from voting on Mr Gray's amendment, because of the strict rules on councillors having an interest. At the meeting, amid scenes of rich chaos, was adjourned. All other council business was lost or delayed while letters were hastily sent to the Department of the Environment asking for a dispensation for the five.

This arrived in time for the council's reconstituted meeting on Wednesday night and Mr Gray's amendment was duly lost. Fulham and Hammersmith ratepayers are unlikely to agree, considering the extra money Mr Gray's wheeze will have cost them—but you have to admire the chap for his guile.