

Housing  
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## HOUSING IN THE REAL WORLD

The Government's first priority is to create the conditions for a lasting improvement in our economic performance. We cannot avoid or ignore any longer the need to confront our severe and deeply seated economic problems.

This means that major cuts in public spending have been essential in order to put the economy on to a sound base from which real economic growth and wealth creation can be achieved.

Housing has had to make a substantial contribution to these savings. But it has still been possible, by making policy changes, to give both tenants and home-buyers a better deal.

The Government inherited a housing situation where:

Total public expenditure on rent subsidies in England had increased by some 18% in real terms between 1974 and 1979;

Public expenditure provision on housing capital expenditure was greatly in excess of what local authorities were actually spending;

Thousands of tenants who were willing to meet their own housing costs by buying their homes were being denied the opportunity to do so;

Local authority housing schemes were excessively controlled in minute detail by central Government;

Nothing was being done to stop the decline of the private rented sector.

In its first 15 months the Government has made radical changes to deal with each of these problems.

The keynotes of our housing policy are:

\* To meet the still far from satisfied demand for wider home-ownership.

To give greater independence and responsibility to those in the public sector through the introduction of our Tenants Charter.

To help the private rented sector make a greater contribution to meeting the demand for rented accommodation.

To stop so many of our older houses falling into decay and dereliction by stimulating improvement and repair.

To concentrate help on those with special housing needs.

This is how we have set about realising each of these objectives.

#### Widening Home-Ownership

The Housing Act 1980 provides the statutory basis for a profound and sustained expansion of home-ownership:

6 million council tenants, new town tenants and tenants of non-charitable housing associations have been given the right to buy their houses and flats and the right to a mortgage.

If the mortgage they are entitled to is not sufficient to buy their house or flat these tenants will, on payment of £100, have a two year option to buy at the original price.

If tenants are still unable to buy at the end of the option period, local authorities, new towns and non-charitable Housing Associations will be able to sell them their house or flat on a shared ownership - part-owning and part-renting basis - again at the original price.

Tenants of Charitable Housing Associations will not have the right to buy but these Associations have been given powers to sell to their tenants if they wish.

Co-ownership societies have also been given powers to sell.

To help people move to full home ownership via shared ownership, local authorities, new towns and housing associations will be able to offer shared ownership as an alternative to outright purchase in any of their home purchase schemes - including the right to buy, building for sale, improvement for sale and homesteading schemes.

To help first-time buyers the Government has launched a new /scheme improvement for sale/for both local authorities and housing associations. Under this scheme the Government may provide an exchequer contribution of up to £3,250 per local authority dwelling and up to £5,000 per housing association dwelling towards the cost of improving older homes in poor condition for sale.

To encourage building societies to lend on older, run-down houses, local authorities and the Housing Corporation will have a new and comprehensive power to guarantee building society mortgages on such dwellings.

Authorities are being encouraged to sell vacant and unimproved dwellings for improvement by the purchaser on the lines of the GLC's homesteading scheme, and the Housing Act enables local authorities to waive interest payments on mortgages for homesteading schemes for up to 5 years.

Local authorities will be given the maximum financial use of housing capital receipts so that they benefit directly from the action they take to promote low cost home ownership. (The details are set out in the speech made by John Stanley, Minister for Housing, to the Institute of Housing on 24 April, a copy of which has been sent to every local authority).

The Government has raised the threshold for stamp duty from £15,000 to £20,000.

The Government has raised the ceiling for local authority mortgage advances to £25,000.

First payments under the Home Loan Scheme will be made at the beginning of December this year. Prospective purchasers, who have saved under the scheme for at least 2 years and who buy a house within the price limits which the Government will shortly set, will obtain a loan of up to £600, interest free and repayment free for up to 5 years, and a tax free cash bonus of up to £110.

### Low-Cost Home-Ownership

The Government has launched a 7-point programme to help local authorities promote low-cost home-ownership schemes. The 7 points are:

1. Selling council houses.
2. Selling local authority owned land to private builders for starter home schemes.
3. Building starter homes for sale on local authority land in partnership with private builders.
4. Improving houses for sale.
5. Selling unimproved houses for improvement by the purchaser (ie homesteading).
6. Promoting shared ownership schemes.
7. Providing guarantees for building society mortgages on older houses in poor condition

### The Tenants Charter

There will be many public sector tenants who will wish to remain tenants or will not be able to afford to buy.

In the Housing Act the Government has introduced the first statutory charter of rights for all tenants of local authorities, new towns and housing associations. The main rights are:-

- a. The right to buy.
- b. Security of tenure, subject to the right of the landlord to repossess on defined management or conduct grounds.
- c. The right for a widow, widower or a resident member of the family to succeed to the tenancy.
- d. The right to take in lodgers.
- e. The right to sublet.
- f. The right to improve.
- g. The right to information about tenants' rights and obligations.
- h. The right to be consulted about matters affecting their tenancy.

These rights will improve a new measure of independence and responsibility for those in the public sector; will help to get better use of the existing stock and make it easier for tenants to improve their own homes themselves.

#### The private rented sector

The private rented sector has been in decline for years but it is a decline that has been accelerated and sustained by legislation that gives little or no encouragement to landlords to let. To provide such encouragement the Housing Act has:

- a) introduced a new form of shorthold tenancy giving landlords the right to let for between one and 5 years with guaranteed right of repossession. There will be safeguards for tenants. The tenant will have security of tenure during the period of the tenancy plus a further year's tenancy if the landlord does not give notice of repossession before the end of the shorthold period. Fair rents will apply;
- b) ended the system of controlled tenancies with rents pegged at 1956 levels; these tenancies will now be brought into the fair rent system;
- c) reduced the period between reviews of fair rents from 3 to 2 years, with a corresponding reduction in phasing of rent increases between reviews;
- d) changed the rent registration procedure to achieve greater productivity from rent officers and to avoid delays in rent registrations;
- e) extended the rights of temporarily absent owner occupiers, the owners of retirement homes and servicemen - and their successors if they die - to regain possession of their home from tenants;
- f) enabled landlords approved by the Secretary of State to build for rent at freely negotiated (ie market) rents outside the Rent Act;

- g) made it easier for owner occupiers who sublet part of their homes to regain possession.

#### Improvement and repair

Some of our houses are over 100 years old and one-third are over 60 years old. Many of them are perfectly sound but some still lack basic amenities like inside WCs and baths.

Under the Housing Act the home improvement grant system has been made more flexible so that expenditure can be concentrated on the individuals and on the dwellings most in need of help.

- a. repair grants are being extended to pre-1919 properties generally;
- b. local authorities will be able to vary the amount of grant they give so as to direct resources to the most needy cases;
- c. even if they move within 5 years owner occupiers will no longer have to repay grant, provided they sell to another owner occupier;
- d. to help the less well off, people will be able to improve in stages if they wish without necessarily having to undertake comprehensive improvement, and local authorities will have discretion to allow improvement to lower standards;
- e. tenants in both the private and public sectors are being made eligible for home improvement grants for the first time.

#### Special Needs

There will be in future greater concentration on meeting special needs, for example, those of the elderly and disabled; hostel dwellers; and those who need help through rent rebates.

Under the Housing Act the elderly will benefit from the more flexible improvement grant policy. They will be helped by the increase in maximum rent rebates and allowances and by the power in the Local Government Bill for local authorities to defer payment of rates by elderly owner occupiers.

The disabled will similarly benefit from the new improvement grant policy and local authorities will be able to waive rateable value limits for improvement grants for making a dwelling suitable for the disabled.

The Government has raised the maximum weekly rent rebate and allowance from £10 (£13 in London) to £23 (£25 in London).

Under the Housing Act the Government is helping hostel dwellers:-

- a. for the first time enabling exchequer grant to be paid for spending of up to £6,750 on fire escapes for hostels and for spending on associated repairs of up to £2,000;
- b. obliging local authorities to pay such grants when they insist on fire escapes being provided;
- c. improving the ability of local authorities to deal with overcrowding in hostels;
- d. increasing certain penalties for bad management of hostels;
- e. extending rent rebates and rent allowances to those living in hostels who were not previously eligible for them.

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