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COMMONS COMMITTEE CRITICISES GOVERNMENT'S FAILURE TO  
ASSESS HOUSING REQUIREMENTS AND OUTPUT PROPERLY

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The Environment Select Committee strongly criticises the failure of the Government properly to assess housing requirements and output in its Third Report published today with the support of both Conservative and Labour Members.

It is hard to believe, states the Report, that any other major Department can - as the Department of the Environment would appear to do - put forward the arguments for its programme (in Cabinet negotiations) without an estimate of its requirements and of the consequences which would follow from different expenditure options.

The Committee considers that this failure may well have resulted in housing expenditure being treated as a "residual" item of public expenditure which receives what is left after other expenditure programmes have been met.

The Committee also notes that the denial by the Government of this background information on its housing policy precludes properly informed public debate and inhibits the progress of work with which Parliament has charged the Committee.

The Committee concludes that any projections which sought to reconcile present levels of housing output with an updated assessment of requirements would have to accept higher levels of overcrowding, or substandard housing and of young people being prevented from forming new households.

The Committee re-affirms the projections made in its First Report about probable public and private sector output, and is not persuaded by the Government's argument that increased local authority discretion removes Government responsibility for the numbers of houses built and renovated.

The Committee, by contrast, concludes that the effects of such limited local authority discretion are far outweighed by the Government's overall housing cuts which remain the over-riding constraint on the housing output achievable in the public sector.

The Committee then calls upon the Secretary of State to initiate immediately, as part of his housing responsibilities, an enquiry into the probable supply of new and improved housing relative to an updated assessment of requirements.

The Report also analyses the various initiatives to which the Government devoted over one-third of its Reply to the Committee's First Report and which, it claimed, would make "any assumptions underlying figures of demand and need...even more questionable than in the past..." and would "...affect significantly the opportunities which people have to move between the different housing sectors."

The Committee concludes that the contribution of these measures will have to increase dramatically if they are to meet the Government's expectations.

So far, states the Report, their contribution has been small even in the context of the present exceptionally low level of the housing programme.

In accepting that some of these schemes were affected by the Housing Act 1980 and therefore full judgment on their success should be made at a later date, the Committee considers that, in view of the prime position of - and high expectations from - these measures in the Government's housing policy, a further appraisal should be made in one year's time.

The Report also picks up the reference made frequently in oral evidence by the Secretary of State to the "crude housing surplus" and his implication that this made it more difficult to argue for maintaining housing expenditure and that the Government was therefore justified in cutting resources allocated to housing.

The Committee concludes that such an oversimplified and unreliable measure should not weigh heavily in the formation of housing policy. The Committee points out that against a "crude housing surplus" of 400,000 in England in December 1977 should be considered 729,000 vacant and second homes, 1,445,000 homes without at least one basic amenity, around 1 million further homes either unfit or requiring extensive repairs and around 250,000 "concealed households" excluded from the figures.

The Committee also cites the many mismatches between the housing stock and household requirements; as well as the rapidly changing household profile, as further reasons for believing that the "crude housing surplus" does not undermine the case for a higher level of housing output.

Turning from housing investment to housing assistance, the Report observes that the costs of mortgage tax relief at outturn prices rose from £1,450m in 1979/80 to £1,960m in 1980/81 in the United Kingdom, whilst general subsidies to council tenants are planned to fall in real terms by 40 per cent in 1981/82 in England.

The Committee notes the Secretary of State's point that mortgage tax relief costs were inflated by higher interest rates and that council tenants also receive rent rebates.

The Committee noted, however, that rent rebates are a means tested benefit analogous to social security and that when this income-related measure is excluded and allowances are made for the reduced mortgage rate in 1981/82, the total mortgage tax relief cost in England is estimated to exceed the general subsidy cost by almost 30 per cent or £300m, at 1980 Survey Prices.