

COVERING CONFIDENTIAL



Housing

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

WFSR to see.
Wm 25 November 1981

Dev Mike *MAJ*

I am writing to let you know that, as agreed with the No 10 Press Office, we intend to publish the Government's Reply to the Third Report from the Environment Select Committee (in the form of a White Paper) at noon on Friday 27 November. I attach a copy of the Confidential Final Revise. The text has been cleared by H Committee, following my Secretary of State's letter of 30 October to the Home Secretary, copied to the Prime Minister.

The Committee's Third Report was published in July (HC383). In it the Committee drew attention to housing public expenditure and to the level of new housebuilding in both public and private sectors. They argued that public expenditure reductions had been made without regard to the consequences for housing policy, criticised the Government for its failure to produce official forecasts of housing demand and need, and repeated their earlier forecast of a shortfall of half a million dwellings by the mid-1980's.

The Reply firmly rejects the Committee's criticisms of the Government's housing policy. It concludes that the Government has laid a firm basis for a housing policy that responsibly takes account of economic reality, permits the maximum possible local discretion over investment decisions and caters for the clear housing preferences of individuals. On specific points, the Reply maintains the Government's earlier stance on the questionable value of forecasts of housing need and demand and takes issue with the Committee on the question of whether the Department has sufficient information for reaching sound decisions on housing policy. It regrets the Committee's lack of interest in the potential of the private rented sector and sets out the Government's view that the Committee has under-estimated the long-term significance of its low-cost home ownership initiatives. The Reply also draws attention to what the Government has done to help remove constraints on land availability.

I am copying this letter and its enclosure to the Private Secretaries to all members of Cabinet, to Sir Robert Armstrong and to Bernard Ingham.

Jan nearly
Det Jacobs

J JACOBS
Private Secretary

CONFIDENTIAL—FINAL REVISE

*[to be published as Command 8435 by
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**DEPARTMENT OF THE
ENVIRONMENT**

The Government's reply to the Third Report from the
Environment Committee, Session 1980—81, HC383

THE GOVERNMENT'S REPLY TO THE THIRD REPORT FROM THE ENVIRONMENT COMMITTEE, SESSION 1980-81, HC 383

1. The Government has the following observations to make on the Third Report from the Environment Committee on 'DOE's Housing Policies: Enquiry into Government's Expenditure Plans 1981/82 for 1983/84 and the updating of the Committee's First Report for the Session 1979/80'.

Information on Housing Demand and Supply: Public and Private Sectors

2. The Government does not accept the Committee's view (as set out in paragraphs 5, 8 and 15 of its Report) that the Department has, as a matter of policy, deprived itself of information necessary for reaching sound decisions. However, the Government recognises, as did the previous Administration, the very considerable limitations of trying to project future rates of new housebuilding in either the public or private sectors when this is heavily influenced by national economic factors. The speculative nature of such an exercise was amply borne out by the last two years of the previous Government. The calculations in the Technical Volume to the Housing Policy Green Paper published in 1977 assumed that the number of dwellings completed in the public sector in 1977, 1978, and 1979 would average 160,000 a year. The out-turns were 162,000 in 1977 and 131,000 in 1978 while in 1979 (for which the pattern had been set by earlier HIP allocations) the number of completions fell to 102,000. So in the year when the Green Paper was published and in the two immediately following, the number of dwellings completed in the public sector was 85,000 fewer than projected.

3. It in no way follows, however, that because the Government recognises the speculative nature of forecasts of housing demand and supply, it lacks satisfactory information on housing issues. Contrary to the Committee's view outlined above the Government has a very considerable volume of data available, including:

- a. information on rates of household formation;
- b. surveys of housing conditions;
- c. information on vacant dwellings in both the public and private sectors;
- d. survey and analysis of vacant and under-utilised public sector land holdings which could be brought into productive housing use;
- e. information on outstanding planning permissions for housing;
- f. sample surveys of households and tenures.

4. The Government regrets that the Committee have made no reference in its comments on the need for rented accommodation to the potential of the private sector to meeting this need in part, or to the steps that the Government has taken to encourage private lettings by:

- a. introducing shorthold; the requirement for compulsory rent registration for all protected shorthold tenancies granted on or after 1 December 1981 in England and Wales outside Greater London has now been lifted [Parliamentary approval to draft Order given on 26 October 1981];

- b. creating assured tenancies;
- c. quickening and simplifying the procedures for resident landlords to regain possession from new tenants;
- d. extending the circumstances in which temporarily-absent owner-occupiers and the owners of retirement homes can regain possession;
- e. enabling council tenants to take in lodgers and to sub-let.

The Government hopes that the Committee will consider why it is that, on the information available, every other EEC country except Ireland meets a higher proportion of the demand for rented accommodation by private sector lettings than Britain, and what further legislation might be conducive to the stimulation of the private rented sector in Britain.

5. The Government reiterates the view, expressed in its reply to the Committee's First Report, that "any assumptions underlying figures of demand and need will be even more questionable than in the past because of the wide range of the Government's various initiatives to promote low-cost home ownership and to make better use of the existing housing stock"; and that "taken together the sum of these measures can be expected to affect significantly the opportunities which people have to move between the different housing sectors" (Command 8105, paragraphs 9 and 21).

6. The Government believes that the Committee has taken an over-cautious view of the potential impact of the measures to promote low-cost home ownership. In the Government's judgement, the Committee has underestimated the longer term significance of the changes which the present Government has instituted in promoting these initiatives.

7. The Government acknowledges that certain aspects of the initiatives were in existence before it came into office. But the Government rejects the Committee's assertion that "their recent additional strengthening relative to their overall impact, seems in some cases fairly marginal" (paragraph 14). The Government has:

- a. *on improvement for sale*, introduced a completely new scheme under which the Exchequer contributes to any losses incurred by local authorities and housing associations;
- b. *on shared ownership*, (i) legislated to remove a number of significant impediments to sales; and (ii) facilitated a greater understanding of the procedures involved through the promulgation of a model scheme (October 1980) and model clauses for inclusion in shared ownership leases (February 1981);
- c. *on homesteading*, introduced powers (in section 110 of the Housing Act 1980) for local authorities to offer waivers on mortgage interest. These were previously in doubt;
- d. *on mortgage guarantees*, provided improved powers for local authorities to guarantee building society mortgages; and
- e. *broadened the terms of general consents* under which local authorities may dispose of land and dwellings.

Most significantly, perhaps, the Government has fundamentally changed the rules governing the treatment of capital receipts. Local authorities are now able to supplement their capital expenditure allocations by 100% of receipts from the sale of land and of dwellings built or improved for sale, and by 50% of receipts from the sale of existing dwellings. This is a major change, which could, depending on the decisions taken by individual local authorities, materially affect their capacity to undertake new investment.

8. The Government also considers that the Committee has understated the existing scale of low-cost home ownership activity. The Committee's estimate that the initiatives are currently contributing at a maximum rate of some 4,000 new and improved homes a year overlooks the contribution made by new town development corporations who, over the last financial year, reported over 2,000 starts on dwellings built by private developers under licence on corporation land and some 500 sales of dwellings for improvement by purchasers. In addition, the Committee's figures do not take into account some 926 acres of land sold in that year by local authorities, new towns and the Housing Corporation to private developers for new house building. This acreage is sufficient for the development of more than 8,500 new homes.

9. Despite these reservations about the Committee's figures, the Government recognises that low-cost home ownership activity in the last financial year was relatively small in relation to the housing programme as a whole. But given that none of the legislative changes under the Housing Act 1980 to facilitate low-cost home ownership took effect until well into 1980/81, the Government believes that it would have been quite unrealistic to expect otherwise. In evidence to the Committee, the Secretary of State for the Environment expressed the view that ".....these schemes will have to be judged over a timescale of a Parliament". The Government's view remains that the doubts expressed by the Committee over the likely impact of the measures are unwarranted. The Government nevertheless welcomes the Committee's suggestion for a further appraisal of the measures in one year's time (paragraph 13), but stresses that the clear responsibility now lies with local authorities, new town development corporations and housing associations to take full advantage of the opportunities that have now been created.

Land Availability

10. The Government welcomes the Committee's interest in the subject of land availability.

11. Constraints on land availability take various forms — planning, infrastructure, ownership, physical and marketing. The importance of these constraints varies from site to site and from area to area, which means that the difficulties affecting sites need to be identified and tackled individually. The Government has, therefore, asked local authorities to carry out with builders site-specific surveys of land suitable for housebuilding. These surveys also provide information needed to assess whether sufficient land is available to allow structure and local plan policies to be achieved. The Government has asked authorities to maintain at all times a 5 year supply of available land, with the

amount and location of the land making up the supply to be derived from approved structure and local plans. Where a shortfall is identified, authorities are expected to take immediate action to remedy it, including when necessary allocating extra land for housebuilding.

12. In addition to establishing a mechanism for enabling local authorities and builders to assess whether sufficient land is available in any area, the Government has also taken a number of other steps to improve the supply of land for housebuilding. For instance, the Government has taken various initiatives so that, as announced in reply to a Parliamentary Question from Mr William Shelton MP on 13 June 1979 "all land which is currently held by public authorities surplus to requirements should be offered for sale as soon as practicable". That reply went on to announce the abolition of the redundant lands and accommodation procedure, under which land declared surplus by a public authority was offered to other public bodies before being put on the open market. Information about the disposal of housing land by the Property Services Agency, new towns, the Housing Corporation and local authorities was included in the written evidence which the Department of the Environment submitted to the Committee on 12 June 1981.

13. In addition, the introduction of land registers will enable more unused and under-used land with a potential for housebuilding to be identified. The first 33 registers to be published contain over 20,000 acres of land of which about 17% is thought to be suitable for housebuilding. The Secretary of State for the Environment announced on 18 September that land registers are to be published in all the remaining English districts and London boroughs. In addition to land identified on the land registers there have also been useful studies on the availability of housing land in urban areas, such as the study of the Cambridge University team on Vacant Housing Land in Nottingham. The Government would welcome the Select Committee's endorsement of this policy of maximising the release of all surplus developable land, whether for housing or for other purposes.

14. Local authorities have been encouraged to release land in their ownership for new private housing development by the system of capital expenditure control introduced by the Local Government Planning and Land Act 1980. Under that system local authorities have been able, since 1 April 1981, to increase their Housing Investment Programme (HIP) allocations by the full amount of their capital receipts from land sales (see paragraph 7 above). Under the new housing subsidy system which came into effect on 1 April 1981, subsidy will no longer be payable in respect of land which remains undeveloped 3 years after acquisition. This will also have the effect of encouraging local authorities to release land where they see no early prospect of developing it themselves, and local authorities will be able to use the capital receipts so obtained to increase their HIP allocations.

15. The Government has also been concerned to ensure that the planning system does not put unjustified obstacles in the path of development. A number of measures have already been taken to streamline and speed up the system and further ways of increasing efficiency are being examined. Besides improving the system itself, the Government has been examining closely the output from the

system to ensure that the legitimate needs of housebuilders are not overlooked. Over the past 2 years plots for some 18,500 dwellings have been released by appeal decisions, which feed into the total stock of outstanding planning permissions of something in excess of 700,000.

16. The Secretary of State for the Environment has also modified a number of structure plans submitted to him for approval to increase the housing provision. Structure plans approved since May 1979 or nearing approval make provision for approximately 1.8 million dwellings. In approving these plans the Secretary of State has increased the proposed housing provision or directed that it should be increased, by approximately 109,000 dwellings. Some reductions in provision have been made, amounting to about 27,000 dwellings. Thus the net increases in provision amount to 82,000 dwellings. As structure plans are being updated and altered through the planning system, further increases are being proposed. Alterations submitted to date include Hertfordshire, Kent and Derbyshire, all of which make further provision for housing.

Housing Surplus

17. The Government is surprised by the Committee's conclusion that the existence of a crude housing surplus, which by the end of the 1970s was at its highest ever, should not weigh heavily in the formation of housing policy (paragraph 18 of the Report). The existence of the high surplus is a fact and it is not clear why the Committee wishes to diminish its importance particularly when local authorities, no doubt in recognition of this, have put an increasing proportion of their investment into improvement rather than into new build under successive Governments for each of the last 5 years.

18. The qualifications about the crude surplus that the Committee has cited are not new and do not detract from its existence.

19. The Government would accept that the existence of the surplus certainly does not obviate the need for getting best use of existing stock in both public and private sector and vigorously assisting land release to secure private housebuilding where there is demand.

Assessment of Special Housing Needs

20. The Committee referred (paragraph 19 of the Report) to the Department's work on the housing needs of special groups such as the homeless, the elderly and the disabled. The Secretary of State for the Environment has already explained to the Committee that this work is concerned with identifying the particular problems encountered by such families or individuals, and studying possible means of providing for them. The work does not entail forecasting the possible future number of such households.

Conclusion

21. The Government totally rejects the underlying criticism of its housing policy in the Committee's Third Report. The Government has faced up to the reality that public sector housing policy cannot be conducted in isolation from national economic considerations, and that bringing the economy back onto a

firm footing must take overriding precedence. At the same time, it has pursued a policy of encouraging the private sector to play a much greater role, and to come forward with schemes to meet needs which have traditionally been catered for by the public sector. The Government has laid a firm basis for a housing policy that responsibly takes account of economic reality, permits the maximum possible local discretion over investment decisions, and caters for the clear housing preferences of individuals.

SECRET

Prime Minister

(2)



MUS 3/11

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Harris

Treasury Chambers, Parliament Street, SW1P 3AG

2 November 1981

The Rt. Hon. William Whitelaw, CH MC MP
Secretary of State for the Home Department

ms

Dear Secretary of State

MISC 62 : HOUSING

I agreed, at MISC 21 on Friday, to circulate a note on the issues facing us in relation to housing. I hope that this letter will be helpful in identifying which of the matters raised in Michael Heseltine's letters of 27 October (to you) and 30 October (to me) are relevant to the discussion we are to have in MISC 62 tomorrow. The basic factual position is still as given in MISC 62(81)13).

The housing programme essentially comprises the sum of subsidies (affected by rent levels) and capital expenditure. The total in Cmd 8175, to which Michael agreed, implied either a sharp increase in real rents between this year and next or a cut below the present level in capital expenditure. Michael's present view that rents should not rise significantly faster than the RPI, would as he notes, mean a cut of £350 million in capital expenditure to keep to the White Paper totals.

In my view the main issue for MISC 62 is how much rents should go up; and, how much capital expenditure should be cut. MISC 62(81)13 gives a brief summary of the arguments on both sides of the points raised in Michael's letter of 27 October.

The further issues he has raised in his letter of 30 October - what local authorities should do with surpluses made on housing revenue account - is of a different order which we can hardly discuss until we have the answers to some practical questions.

It is undoubtedly the case that surpluses on Housing Revenue Accounts will arise next year whether the average weekly rent increase is £1.50, £4.00 or more. This has never been in doubt and, indeed, the Housing Act 1980 specifically changed the law to allow for the creation of surpluses. These surpluses are, I understand, measured after debiting loan charges - interest and capital repayment. At present they go into the general rate

/fund and

fund and the method of calculating RSG payable to individual authorities is, in substance, the mechanism we have for ensuring that local authorities comply with our policy on rents.

Michael now proposes preventing this mechanism from working and I am not clear what he proposes to put in its place. Specifically:-

- (i) How would the creation of the HRA surpluses be ensured? At present the RSG system penalises authorities which fail to increase rents as required, but this would not apply if (as he proposes) negative housing GREs were excluded. Without a mechanism for ensuring the creation of surpluses there would be no safeguard against an unplanned increase in public expenditure.
- (ii) How could authorities with surpluses be compelled to use them to pay off outstanding debt faster?
- (iii) What would be the position of an authority which had little outstanding housing debt? Would the surplus be used to reduce non-housing debt; and, if so would the scheme retain its presentational attractions?
- (iv) Would legislation be required? And would it be practicable to introduce the change in 1982-83?

It seems to me that we are too near to this year's RSG settlement for there to be time for officials to investigate these questions and come up with a fully worked out proposal. However, I do not find Michael's proposal unattractive in principle and would be happy for it to be worked up as a possibility for use later; indeed if this is done it is, of course, necessary for Treasury officials to be associated with the study.

I have left until last the question of PES conventions. I am clear that we have to decide first what we want local authorities actually to do. How the result appears in the housing programme is just a matter of presentation. I propose that we return to the question of presentation when MISC 62 has finished its work. I also feel that the point in the penultimate paragraph of Michael's letter of 30 October about the PESC treatment of interest on unapplied capital receipts from sales could be clarified for us in discussion between officials.

I am copying this letter to the Prime Minister, to other members of the Cabinet, to the Chief Whip, the Paymaster General and to Sir Robert Armstrong.

Yours sincerely,
T. Matthews

for LEON BRITTAN
[Approved by the Chief Secretary
and signed in his absence]



Prime Minister

4

MUS 30/10

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

30 October 1981

Handwritten signature/initials

See letter

Report attached
I enclose a draft response to the Third Report of the Environment Committee dealing with the Government's Housing Expenditure Plans 1981/82 to 1983/84 (HC 383).

The responses to the Committee's First and Second Reports were both published as Command Papers, and I would also like this response to go out in that form.

I should therefore be grateful to have your agreement, and that of the other members of H Committee to the draft response, and to issuing it as a Command Paper. For convenience I shall assume that, unless I receive comments by Friday 6 November, my colleagues are content, and will send the report to the printers.

I am copying this letter and the draft to the Prime Minister, members of H Committee and to Sir Robert Armstrong.

Yours ever
Michael Heseltine

MICHAEL HESELTINE

Rt Hon William Whitelaw CH MC MP

DRAFT RESPONSE TO SELECT COMMITTEE'S THIRD REPORT

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2. The Government does not accept the Committee's view (as set out in paragraphs 5, 8 and 15 of its Report) that the Department has, as a matter of policy, deprived itself of information necessary for reaching sound decisions. However, the Government recognises, as did the previous Administration, the very considerable limitations of trying to project future rates of new housebuilding in either the public or private sectors when this is heavily influenced by national economic factors. The speculative nature of such an exercise was amply borne out by the last two years of the previous Government. The calculations in the Technical Volume to the Housing Policy Green Paper published in 1977 assumed that the number of dwellings completed in the public sector in 1977, 1978, and 1979 would average 160,000 a year. The out-turns were 162,000 in 1977 and 131,000 in 1978 while in 1979 (for which the pattern had been set by earlier HIP allocations the number of completions fell ⁱⁿ to 102,000. So in the year when the Green Paper was published and the two immediately following, the number of dwellings completed in the public sector was 85,000 fewer than projected.

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and that "taken together the sum of these measures can be expected to affect significantly the opportunities which people have to move between the different housing sectors" (Command 8105, paras 9 and 21).

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13 OCT 1987

1987
OCT 13
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HOUSE OF COMMONS

Third Report from the

ENVIRONMENT
COMMITTEE

Session 1980-81

DOE'S HOUSING POLICIES: ENQUIRY INTO
GOVERNMENT'S EXPENDITURE PLANS 1981/82 TO
1983/84 AND THE UPDATING OF THE COMMITTEE'S
FIRST REPORT FOR THE SESSION 1979/80

REPORT

Together with the Proceedings of the Committee relating
to the Report

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Ordered by The House of Commons to be printed

28 July 1981

The Environment Committee is appointed under S.O. No 86A to examine the expenditure, administration and policy of the Department of the Environment and associated public bodies and similar matters within the responsibilities of the Secretary of State for Northern Ireland.

The Committee consists of eleven Members, of whom the quorum is three. Unless the House otherwise orders, all Members nominated to the Committee continue to be members of it for the remainder of the Parliament.

The Committee has power:

- (a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time;
- (b) to appoint persons with technical knowledge either to supply information which is not readily available or to elucidate matters of complexity within the Committee's order of reference.

26 November 1979

The Environment Committee was nominated of:

Mr Donald Anderson, Mr David Atkinson, Mr Frank Döbson, Mr Bruce Douglas-Mann, Mr Jim Marshall, Dr Brian Mawhinney, Mr Norman Miscampbell, Mr Nicholas Scott, Mr Robin Squire, Mr Malcolm Thornton and Mr David Winnick.

14 December 1979

Mr Donald Anderson discharged
Mr David Atkinson discharged

Mr Geoffrey Johnson Smith added

1 February 1980

Mr John Sever added

23 January 1981

Mr Jim Marshall discharged

13 April 1981

Mr Reginald Freeson added

19 June 1981

Mr Geoffrey Johnson Smith discharged Mr Robert Dunn added

The cost of preparing for publication the Shorthand Minutes of Evidence taken before the Committee and published with this Report, was £

The cost of printing and publishing the Report is estimated by Her Majesty's Stationery Office at £10,000.

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ENQUIRY INTO THE GOVERNMENT'S HOUSING POLICY

CHAPTER 1

INTRODUCTION

1. On 24th March, 1981, Your Committee announced that it would enquire into the implications for the housing policies of the Department of the Environment of the White Paper on the Government's Expenditure Plans 1981/82 to 1983/84.¹ At the same time the Committee intended to update its First Report for the Session 1979-80² and to deal with matters arising from the Department of the Environment's response³ to the First Report of the Committee, particularly the performance of recent initiatives in housing policy.

2. The Committee received written evidence from 13 organisations and individuals⁴ and took oral evidence from officials of the Department of the Environment on 23rd June, 1981, and from the Secretary of State, Mr Michael Heseltine, and the Minister for Housing and Construction, Mr John Stanley, on 7th July. The Committee is grateful to all who have assisted in the Enquiry, including Mr Jamie Stevenson, Specialist Adviser, and Mr Derek Palmer, a member of the staff of the Committee who has provided specialist advice.

1 Cmnd 8175

2 HC714

3 Cmnd 8105

4 Listed in Appendix 1

CHAPTER 2

GOVERNMENT INFORMATION ON HOUSING DEMAND AND SUPPLY

3. The Government's Expenditure Plans 1981/82 to 1983/84 contained in the White Paper provide for a reduction in public expenditure of 4.1 per cent, from the estimated outturn of £79,245 million in 1980/81 to £76,000 million in 1983/84, both expressed in 1980 survey prices.¹ The Plans also provide for public expenditure on housing (including investment, subsidy and other current expenditure) in England to be reduced by 47.6 per cent over the same period,² i.e. from £4,256 million in 1980/81 to £2,230 million in 1983/84, also at 1980 survey prices. AS A PROPORTION OF THE PLANNED TOTAL PUBLIC EXPENDITURE, HOUSING ACCOUNTED FOR 5.4 PER CENT IN 1980/81 BUT WILL ACCOUNT FOR ONLY 2.9 PER CENT IN 1983/84.

4. The planned reduction in housing expenditure represents a major feature of the Government's medium term financial strategy. Economic strategy is clearly a Government responsibility. Nevertheless the Committee is seriously concerned that decisions by Government to make such drastic reductions in public expenditure on housing appear to have been made without the benefit of any analysis by the Department of the Environment of either the likely need for new and improved housing in either the public or private sectors, or of the likely levels of supply of housing by either sector.³ The Committee also regrets that the Secretary of State and his ministerial colleagues should have decided, as a matter of policy, not to carry out any investigation either to confirm or refute the Committee's forecasts in its First Report.

1 Cmnd 8175 Table 1.1

2 Cmnd 8175 Table 1.7

3 HC383-ii Q.106

5. Although the Government must have regard, in every field of public expenditure, to its judgment of "what the nation can afford",¹ that judgment ought to be exercised in the light of the best information available as to the social and other needs for any proposed expenditure. The Committee notes that the Public Accounts Committee in its First Special Report commented:

"The present position is that a Minister often does not have the information he reasonably needs in order to control the public expenditure for which he is responsible. This means that the form of public expenditure is often not sufficiently tested to see whether the same results could be obtained for less money or indeed better results for the same money."²

IN THE FIELD OF HOUSING IT APPEARS TO THE COMMITTEE THAT THE GOVERNMENT HAS, AS A MATTER OF POLICY, DEPRIVED ITSELF OF INFORMATION WHICH IS NECESSARY FOR SOUND DECISIONS TO BE TAKEN.

1 HC578-i Q.6

2 HC115-I p.vii, para 1.6

CHAPTER 3

THE SUPPLY OF PUBLIC HOUSING

6. In its First Report, Session 1979/80, the Committee concluded that it was unlikely that new public sector housing starts in England would exceed the figure of 31,000 in 1983/84 and that they could well be below that level in the intervening period.¹ The Committee has now established with the Department that it has not cross-checked the projection of the supply of housing made in its First Report for the Session 1979/80² because it is not the Government's policy to produce forecasts or to undertake work in projecting the likely extent of the supply of new housing.³ However, the Department agreed that the Committee's Specialist Adviser had correctly identified the variables which might affect the forecasts made.⁴

7. In one respect the Committee's conclusions made a year ago have proved to be optimistic. In the public sector the Committee envisaged 51,000 starts of new building in 1980/81 in England, whereas the Department now puts the figure at 39,200.⁵ The shortfall could well be attributable to the moratorium on house building in the first quarter of 1981 and to a concentration of construction work on completions, which were higher in that financial year than forecast by the Committee;⁶ but, whatever the reasons, the fact remains that in no year since 1945/46 (the first year for which figures for the public sector starts were collected) has the level of starts for the public sector in England fallen below that achieved in 1980/81.

1 HC714 para 20

2 HC383-i Q.5

3 HC383-ii Q.106

4 HC383-i Q.5

5 DOE Additional Written Evidence, page

6 The Committee's Specialist Adviser forecast 76,000 completions in 1980/81, whereas the actual figure was 93,100

8. The Committee notes the argument - used frequently in oral evidence by both the Department's officials and the Secretary of State - that the increased discretion given by this Government to local authorities, through the new capital allocation system and the incentives to maximise revenue and receipts, makes it no longer relevant to relate Government expenditure decisions or responsibility to the numbers of houses built and renovated.¹ THE COMMITTEE IS NOT PERSUADED BY THIS ARGUMENT. AFTER TAKING ACCOUNT OF THE CHANGES IN LOCAL DISCRETION, WHICH ARE LIMITED IN THEIR EFFECT, THE COMMITTEE CONCLUDES THAT THEY 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 CONSIDERS THAT IT IS PART OF THE RESPONSIBILITY OF THE SECRETARY OF STATE TO INITIATE IMMEDIATELY AN ENQUIRY AS TO THE NUMBER, TYPE AND LOCATION OF THE PROBABLE OUTPUT OF NEW AND IMPROVED DWELLINGS IN THE PUBLIC SECTOR AND TO RELATE THIS TO ESTIMATED OUTPUT IN THE PRIVATE SECTOR, AND TO AN UPDATED ASSESSMENT OF HOUSING DEMAND IN BOTH SECTORS.

¹ HC383-ii Q.107 and Q.136

CHAPTER 4

PRIVATE SECTOR CONTRIBUTION AND GOVERNMENT'S
POLICY INITIATIVES

9. In the private sector the Committee estimated that starts in Great Britain would average 100,000 per annum in 1980 and 1981. So far, the Committee's estimate is on course. The total for 1980 was 97,400 and 50,800 (provisionally seasonally adjusted) for the period January to May 1981. The Department has not produced any forecast for the private sector for 1981, but has drawn attention to figures suggested by the Joint Forecasting Committee of the Building and Civil Engineering Economic Development Committee and by the National Council of Building Materials Producers of around 120,000 for this year.¹ The Committee notes that, although these forecasts cited by the Department take a slightly more optimistic view of private housing starts for this year than the Committee's previous estimate, the total starts implied for the four-year period 1980-83 by these forecasts are identical to the allowance made for this period in the Committee's First Report.² THE COMMITTEE CONCLUDES THAT THE ASSESSMENT MADE IN ITS FIRST REPORT OF THE LIKELY CONTRIBUTION FROM PRIVATE HOUSEBUILDING REMAINS VALID.

1 Evidence not printed

2 The most recent forecasts produced by the National Council of BMP on 24 July indicate that private housing starts will be around 110,000 this year and will amount to 470,000 over the four year period 1980-83

10. In its Reply to the Committee's First Report for the Session 1979/80, the Government said that "any assumptions underlying figures of demand and need will be even more questionable than in the past because of the wide-range of the Government's various initiatives to promote low-cost home-ownership and to make better use of the existing housing stock."¹ The Government then devoted over one-third of its Reply to a description of these initiatives and concluded that "taken together the sum of these measures can be expected to affect significantly the opportunities which people have to move between the different housing sectors."²

11. The Right to Buy measures are, of course, likely to increase the numbers who can change from being tenants to become owner-occupiers of their existing homes. They will not, however, improve the opportunities of many other people who wish to move into different homes.

12. To meet its own criterion all the Government's measures should contribute significantly to increasing the availability of acceptable accommodation, at least in the two sectors - owner-occupied and private rented - at which they are aimed. After discounting for those measures such as homeloan assistance and shared ownership which simply facilitate transactions rather than increasing accommodation, the Committee estimates that those schemes which do have a direct impact, such as improvement for sale, building for sale and homesteading, are currently contributing a maximum annualised rate of 4,000 new and improved homes (see Appendix 2). THIS CONTRIBUTION REMAINS SMALL EVEN IN THE CONTEXT OF THE PRESENT EXCEPTIONALLY LOW LEVEL OF THE HOUSING PROGRAMME.

1 Cmnd 8105 para 9

2 Cmnd 8105 para 21

13. The Committee recognises that, since several of these measures were either introduced or strengthened by the Housing Act 1980, full judgment of their effectiveness should be made at a later date. The Secretary of State commented that "...these schemes will have to be judged over a timescale of a Parliament when we can see whether they expand."¹ THE COMMITTEE CONSIDERS THAT IN VIEW OF THE PRIME POSITION OF - AND HIGH EXPECTATION FROM - THESE MEASURES IN THE GOVERNMENT'S HOUSING POLICY, A FURTHER APPRAISAL SHOULD BE MADE IN ONE YEAR'S TIME.

14. The Committee notes, however, that most of these measures were in existence before this Government came into office and that their recent additional strengthening, relative to their overall impact, seems in some cases fairly marginal. THEIR TOTAL CONTRIBUTION WILL HAVE TO INCREASE DRAMATICALLY IN ORDER TO MEET THE GOVERNMENT'S OWN EXPECTATIONS.

15. IN THE MEANTIME, THE COMMITTEE CALLS UPON THE SECRETARY OF STATE TO INITIATE A SIMILAR ENQUIRY INTO LIKELY OUTPUT IN THE PRIVATE HOUSING SECTOR, RELATED TO DEMAND, TO THAT PROPOSED IN PARAGRAPH 8 ABOVE. THE COMMITTEE WOULD ALSO WELCOME A REPORT FROM THE SECRETARY OF STATE ON PROGRESS IN REMOVING THE CONSTRAINTS ON LAND AVAILABILITY MENTIONED IN THE COMMITTEE'S FIRST REPORT, SESSION 1979/80.

1 HC383-ii Q.162

CHAPTER 5

HOUSING REQUIREMENTS AND POLICY ANALYSIS

16. In all matters affecting housing supply and demand, the Committee has been unable to obtain confirmation or denial from the Secretary of State of its own projections, or to dissuade him from his policy of not making any analysis of the impact of the reductions in public expenditure on housing. The denial of this background information to the Government's housing policy precludes properly informed public debate and inhibits the progress of work with which Parliament has charged the Committee.

17. The Secretary of State mentioned in his oral evidence to the Committee that in negotiations with the Treasury he starts off ".....from a situation where we have the largest crude surplus of houses over households that we have ever had in this country."¹ The implication of this reference to the "crude housing surplus" seemed to the Committee to be that it was more difficult to argue for maintaining the level of spending on housing and that the Government was justified in cutting the amount of public resources allocated to housing. The statement may be based upon the crude housing surplus which, according to the National Dwelling and Housing Survey, rose in England from 135,000 in 1971 to 400,000 in December 1977.²

1 HC383-ii Q.107,Q.126,Q.136,Q.143 and Q.211

2 National Dwelling and Housing Survey,1978 -
Table 2.1

18. This "crude housing surplus" argument is, however, oversimplified and potentially misleading. The same NDHS showed that in England in December 1977 there were 729,000 vacant and second homes as well as 1,445,000 households who lacked at least one basic amenity. To these should be added a further 1,000,000 or more dwellings which, by interpolation from the Housing Condition Survey 1976, can be estimated as either unfit or requiring repairs costing over £3,000 at today's prices in order to get some idea of how much the "crude housing surplus" of 400,000 in England is dwarfed by other factors. In addition the measure of households excludes those "concealed households" who are living as part of other persons' households and who were estimated in the NDHS 1977 to exceed 250,000 in England. This "crude housing surplus" figure is heavily qualified not only by these far more substantial countervailing factors, but also by the substantial mismatch between our present housing stock and household needs. This mismatch reflects both the problems of having already the wrong types of dwellings in the wrong places for people's requirements, and the constantly changing rate of household formation which exceeds the present level of new housing starts and is changing significantly the national household profile.¹ THE COMMITTEE CONCLUDES THAT SUCH AN OVERSIMPLIFIED AND UNRELIABLE MEASURE AS THE "CRUDE HOUSING SURPLUS" SHOULD NOT WEIGH HEAVILY IN THE FORMATION OF HOUSING POLICY AND THAT THIS SURPLUS DOES NOT UNDERMINE THE CASE FOR A HIGHER LEVEL OF HOUSING OUTPUT.

1 Housing and Construction Statistics
1969-79, Table 99

19. Only a few days before giving oral evidence to the Committee, the Secretary of State published the second edition of MINIS,¹ from which it was apparent that departmental staff are engaged in such tasks as monitoring and assessing the trends on issues relating to housing stresses such as homelessness and overcrowding; ensuring that the housing needs of special groups, such as ethnic minorities and elderly people, are adequately recognised and catered for. The Committee enquired, but without satisfaction, into how the extent of homelessness or overcrowding could be properly assessed without the forecasting of housing supply and need which previous administrations had found to be necessary.²

20. The Committee continues to believe that the projections of the numbers of new houses likely to be required which were made in the 1977 Green Paper on Housing Policy were soundly based and that they have been largely confirmed by developments. THE COMMITTEE BELIEVES THAT ANY PROJECTIONS WHICH SOUGHT TO RECONCILE PRESENT LEVELS OF OUTPUT WITH AN UPDATED ASSESSMENT OF REQUIREMENTS WOULD HAVE TO ACCEPT EXPLICITLY HIGHER LEVELS OF OVERCROWDING, OF SUBSTANDARD HOUSING AND OF YOUNG PEOPLE BEING PREVENTED FROM FORMING NEW HOUSEHOLDS.

1 Management Information System for Ministers

2 HC383-ii Q.110-117

21. The Committee does not believe that the degree of speculative estimation which applied to one section of the Green Paper projections justifies the Government's continued dismissal of any housing requirement assessment as too speculative to merit consideration. It is hard to believe that any other major Department can put forward in Cabinet and inter-departmental negotiations, the arguments for its programme without an estimate of its requirements and of the consequences which would follow from different expenditure options. THE COMMITTEE CONSIDERS THAT THE LACK OF A PROPERLY RESEARCHED ASSESSMENT OF HOUSING REQUIREMENTS AND OF THE PROBABLE OUTPUT IN BOTH PUBLIC AND PRIVATE SECTORS, MAY WELL HAVE RESULTED IN HOUSING EXPENDITURE BEING TREATED AS A "RESIDUAL" ITEM OF PUBLIC EXPENDITURE RECEIVING WHAT IS LEFT AFTER OTHER EXPENDITURE PROGRAMMES HAVE BEEN MET. THE COMMITTEE BELIEVES THAT THE LEVEL OF SUCH EXPENDITURE SHOULD HAVE BEEN DETERMINED BY BALANCING THE NEED FOR HOUSING EXPENDITURE AGAINST THE COMPETING DEMANDS OF OTHER EXPENDITURE PROGRAMMES, IN THE CONTEXT OF THE GOVERNMENT'S ECONOMIC STRATEGY.

CHAPTER 6

SUPPORT FOR OWNERS AND TENANTS

22. The Committee in its First Report for the Session 1979/80¹ drew attention to the large reduction in net general subsidies to local authority tenants and compared it with the mortgage tax relief afforded to owner occupiers and suggested that this uneven treatment was likely to revive arguments about the fairness of the levels of public support to the two main housing tenures. This concern was not allayed by the Government's Reply.² The publication since then of the latest Public Expenditure White Paper³ reveals both sharply rising levels of mortgage tax relief costs and a planned reduction of over 40 per cent in public sector general subsidies.

23. The White Paper shows that at outturn prices the costs of mortgage tax relief in the United Kingdom rose from £1,450 millions in 1979/80 to £1,960 millions in 1980/81, to which should be added over £200 millions for the costs of the Option Mortgage Scheme. In order to compare these costs of mortgage tax relief on a consistent basis with the public expenditure plans for housing subsidies to council tenants in 1981/82, our Advisers have estimated that, assuming a 13 per cent interest rate throughout 1981/82, the total costs of mortgage tax relief in England alone would equal £1,300 millions. This compares with £1,011 millions general subsidies to public sector tenants in England and £1,280 millions total subsidies, if rent rebates are included. The equivalent figures two years ago were £1,100 millions for mortgage tax relief and £1,723 millions general subsidies and £1,915 millions total subsidies. This demonstrates a clear trend towards relatively more favourable treatment of owner-occupied assistance, which seems likely to accelerate.

1 HC714 para 24

2 Cmnd 8105

3 Cmnd 8175

24. The Department's officials confirmed this prospect when they referred to the Government's twin commitment to promote owner-occupation and to stem and reverse the decline in council rents as a proportion of earnings.¹ The Secretary of State also acknowledged that the Government's commitment to home-ownership involved "...an expensive incentive at the beginning in order to enable people to jump from a rented situation to the owning situation."² He disputed the level of disparity between the treatment of owner-occupiers and council tenants since the former currently receive higher mortgage tax relief due to high interest rates while a substantial number of the latter receive rent rebates.³ The Committee notes, however, that rent rebates are a means tested benefit analogous to social security, while tax relief on mortgage interest most emphatically is not. The Committee further notes that supplementary benefits are also received by certain owner-occupiers.

25. An investigation of the extent to which assistance with that "jump" required continued support to owner-occupiers throughout the whole of the average period of twenty-five to thirty years for which an owner-occupier has a mortgage would be outside the scope of this Report.

- 1 HC383-i Q.96
- 2 HC383-i Q.180
- 3 HC383-i Q.180

CHAPTER 7

THE TREATMENT OF DEBT REDEMPTION

26. In paragraphs 34 and 35 of its First Report, Session 1979/80,¹ the Committee recommended that the Comptroller and Auditor General should be invited to furnish the Committee with a minute of guidance on the question of the treatment in the White Paper of repayments of principal from the housing accounts of local authorities, new towns and the Scottish Special Housing Association. It seemed to the Committee that Table 2.7 of the White Paper overstated the cost of the housing programme in comparison with other programmes from which such trading accounts are excluded.

27. A Memorandum in reply was received from H M Treasury in June.² Therein it is agreed that "the total so defined (i.e. of housing expenditure shown in the White Paper) is slightly greater than the money required to finance housing through taxation or borrowing....." The extent of the overstatement described in the Committee's First Report, Session 1979/80 was £288 million out of £4,467 million in 1979/80 or 6 per cent. The Treasury have not disputed the overstatement in these figures, which they describe as "slight".

1 HC714

2 Appendices to Minutes of Evidence, pages

28. Whilst noting the Treasury's argument that the purpose of the White Paper is to assist in the control of public expenditure and that the presentation as it stands shows the totals to be controlled, the Committee remains of the view that its proposal in its First Report, Session 1979/80, in no way conflicts with the Treasury's objective. Indeed the totals to be controlled could be left intact if debt redemption were added as a separate line below "Total Capital Expenditure" and above "Total Programme". The Committee continues to believe that it is important that the money required to finance housing should not be overstated in Table 2.7 of the White Paper and invites the Treasury to correct this anomaly.

APPENDIX 1

WRITTEN EVIDENCE RECEIVED

WP1	B Kilroy Esq
WP2	National Council of Building Materials Producers
WP3	The Catholic Housing Aid Society
WP4	Association of County Councils Shelter
WP5	
WP6	The Royal Town Planning Institute
WP7	National Federation of Housing Associations
WP8	The Institution of Environmental Health Officers
WP9	National Housing and Town Planning Council
WP10	Department of the Environment
WP11	H M Treasury
WP12	Association of Metropolitan Authorities
WP13	D Webster Esq

APPENDIX 2: THE SUCCESS OF LOW-COST HOME-OWNERSHIP
INITIATIVES

A. "Improvement for Sale", Homesteading and Mortgage
Guarantee

(a) "Improvement for Sale"

This scheme existed in General Improvement Areas prior to the 1980 Housing Act, although that legislation widened the terms and conditions of its applicability.

	<u>Annualised Estimate</u>
£1.8m to cover 200 L.A. "Improvement for Sale" dwellings in 1980/81)
29 "Improvement for Sale" scheme sales by Housing Associations) 500
250 more in pipeline)

(b) "Homesteading"

This initiative allows local authorities to waive early mortgage interest payments for purchasers of unimproved homes along the lines of schemes pioneered by some local authorities. The 1980 Act clarified the legal position of the arrangements but this scheme cannot be considered wholly new.

740 unimproved dwellings sold by LAs on
homesteading lines between April and December 1980 1000

(c) Mortgage Guarantee

This scheme concerns the powers given under the Housing Act 1980 to local authorities and the Housing Corporation to guarantee mortgage advances made by building societies to individuals. Technically, this power has always existed since the Mortgage Guarantee Act 1950 but the Housing Act 1980 has served to remove any possible uncertainties and by highlighting its existence to make it potentially more effective.

50 mortgage guarantee agreements entered by LAs between April and December 1980	<u>100</u>
Total "Improvement for Sale" etc annualised	1,600
say,	<u>2,000</u>

B. "Building for Sale" Starter Homes and Partnerships

Schemes whereby local authorities offer builders a licence to build starter (or, indeed, any kind of) homes for nominated purchasers on council-owned land have been in operation for the durations of both this Government and its predecessor. The basic lines whereby the local authority and the builder can proceed have been incorporated into guidance and descriptive booklets produced by the Department's Housing Development Directorate before this Government came to power. Changes initiated by this Government include allowing capital receipts to contribute towards further housing investment and the provision of much greater publicity.

742 Partnership dwellings started in second half of 1980	2,000
--	-------

C. Shared Ownership Sales

This initiative was already established but was materially affected by this Government's actions concerns the availability of "shared ownership" mortgages for those first-purchasers who cannot afford the full initial mortgage repayment costs of a 100% mortgage but who could afford to pay, say, for half the price of a home whilst paying fair, subsidised rent for the other half. Again, this is an initiative which has been both more actively promoted by this Government through the low-cost home-ownership film and materially aided by the Housing Act which, in this case, removed a legal obstacle which had frustrated the progress of the preceding Government in promoting this form of tenure more strongly.

Local Authorities: England

1979		1980	Q1	180
	Q2	165	Q2	310
	Q3	100	Q3	155
	Q4	255	Q4	160
	—		—	

3 quarters
only 520

Annualised
'pro rata'

700

805

1,000

D. Home Purchase Assistance Loans

No material change has been made to the Home Loan Scheme of bonus and interest-free loans for first-purchasers who have met certain savings conditions. This scheme was introduced by the previous Government and, although in Opposition the present Government had expressed the hope of extending its provisions substantially, public expenditure constraints have obliged them to defer the implementation of those plans which were set out in their Election Manifesto. Some of the price limits for the scheme have been increased in order to make better allowance for regional differences but generally these have covered inflation rather than opening up the scheme to wider range of house purchase.

Six months 1 December 1980 - 1 June 1981

= 1,270 beneficiaries

3,000

PROCEEDINGS OF THE COMMITTEE

TUESDAY 28 JULY, 1981

Members present:

Mr Bruce Douglas-Mann, in the Chair

Mr Frank Dobson

Mr Norman Miscampbell

Mr Robert Dunn

Mr Nicholas Scott

Mr Reginald Freeson

Mr Robin Squire

Dr Brian Mawhinney

Mr David Winnick,

Draft Report on the Updating Enquiry into the Government's Housing Policy, proposed by the Chairman, brought up and read,

ORDERED, That the Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 7 read and agreed to.

Paragraph 8 read, as follows:

"8. The Committee notes the argument - used frequently in oral evidence by both the Department's officials and the Secretary of State - that the increased discretion given by this Government to local authorities, through the new capital allocation system and the incentives to maximise revenue and receipts, makes it no longer relevant to relate Government expenditure decisions or responsibility to the numbers of houses built and renovated. THE COMMITTEE IS NOT PERSUADED BY THIS ARGUMENT. AFTER TAKING ACCOUNT OF THE CHANGES IN LOCAL DISCRETION, WHICH ARE LIMITED IN THEIR EFFECT, THE COMMITTEE CONCLUDES THAT THEY 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 CONSIDERS THAT IT IS PART OF THE RESPONSIBILITY OF THE SECRETARY OF STATE TO INITIATE IMMEDIATELY AN ENQUIRY AS TO THE NUMBER, TYPE AND LOCATION OF THE PROBABLE OUTPUT OF NEW AND IMPROVED DWELLINGS IN THE PUBLIC SECTOR AND TO RELATE THIS TO ESTIMATED OUTPUT IN THE PRIVATE SECTOR, AND TO AN UPDATED ASSESSMENT OF HOUSING DEMAND IN BOTH SECTORS."

Amendment proposed, in line 8, to leave out from the word "renovated." to the word "AFTER" in line 9 - (Mr Robert Dunn).

Question, That the Amendment be made, put and negatived.

Another Amendment proposed, in line 14, to leave out from the word "COMMITTEE" to the end of the paragraph and to add the words:

"ASKS THE SECRETARY OF STATE TO CONSIDER HOLDING AN ENQUIRY AS TO THE NUMBER, TYPE AND LOCATION OF THE PROBABLE OUTPUT OF NEW AND IMPROVED DWELLINGS IN THE PUBLIC SECTOR." - (Mr Robert Dunn).

Question put, That the Amendment be made.

The Committee divided.

AYES, 2
Mr Robert Dunn
Dr Brian Mawhinney

NOES, 5
Mr Reginald Freeson
Mr Norman Miscampbell
Mr Nicholas Scott
Mr Robin Squire
Mr David Winnick.

Paragraph agreed to.

Paragraphs 9 and 10 read and agreed to.

Paragraph 11 read, as follows:

"The Right to Buy measures are, of course, likely to increase the numbers who can change from being tenants to become owner-occupiers of their existing homes. They will not, however, improve the opportunities of many other people who wish to move into different homes."

Amendment proposed, in line 3, to leave out from the word "homes." to the end of the paragraph. - (Mr Robert Dunn).

Question, That the Amendment be made, put and negatived.

Paragraph agreed to.

Paragraphs 12 to 19 read and agreed to.

Paragraph 20 read, as follows:

ANY "20. The Committee continues to believe that the projections of the numbers of new houses likely to be required which were made in the 1977 Green Paper on Housing Policy were soundly based and that they have been largely confirmed by developments. THE COMMITTEE BELIEVES THAT PROJECTIONS WHICH SOUGHT TO RECONCILE PRESENT LEVELS OF OUTPUT WITH AN UPDATED ASSESSMENT OF REQUIREMENTS WOULD HAVE TO ACCEPT EXPLICITLY HIGHER LEVELS OF OVERCROWDING, OF SUBSTANDARD HOUSING AND OF YOUNG PEOPLE BEING PREVENTED FROM FORMING NEW HOUSEHOLDS."

Amendment proposed, in line 7, to leave out the word "WOULD" and insert the word "MIGHT" - (Dr Brian Mawhinney).

The Committee divided.

AYES, 3
Mr Robert Dunn
Dr Brian Mawhinney
Mr Robin Squire

NOES, 4
Mr Reginald Freeson
Mr Norman Miscampbell
Mr Nicholas Scott
Mr David Winnick

Paragraph agreed to.

Paragraph 21 read, as follows:

"21. The Committee does not believe that the degree of speculative estimation which applied to one section of the Green Paper projections justifies the Government's continued dismissal of any housing requirement assessment as too speculative to merit consideration. It is hard to believe that any other major Department can put forward in Cabinet and inter-departmental negotiations, the arguments for its programme without an estimate of its requirements and of the consequences which would follow from different expenditure options. THE COMMITTEE CONSIDERS THAT THE LACK OF A PROPERLY RESEARCHED ASSESSMENT OF HOUSING REQUIREMENTS AND OF THE PROBABLE OUTPUT IN BOTH PUBLIC AND PRIVATE SECTORS, MAY WELL HAVE RESULTED IN HOUSING EXPENDITURE BEING TREATED AS A "RESIDUAL" ITEM OF PUBLIC EXPENDITURE RECEIVING WHAT IS LEFT AFTER OTHER EXPENDITURE PROGRAMMES HAVE BEEN MET. THE COMMITTEE BELIEVES THAT THE LEVEL OF SUCH EXPENDITURE SHOULD HAVE BEEN DETERMINED BY BALANCING THE NEED FOR HOUSING EXPENDITURE AGAINST THE COMPETING DEMANDS OF OTHER EXPENDITURE PROGRAMMES, IN THE CONTEXT OF THE GOVERNMENT'S ECONOMIC STRATEGY."

Amendment proposed, in line 5, after the word "consideration." to insert the words:

"The Committee believes that a reasonably accurate assessment of the level of demand for and probable supply of housing in the public and private sectors can and should be made: and that, even in the context of public expenditure reductions, and a judgment of "what the nation can afford", no balanced assessment can be made by Government of the resources which should be devoted to housing without this information." - (Mr David Winnick).

Question put, That the Amendment be made.

The Committee divided.

AYES, 2
Mr Reginald Freeson
Mr David Winnick

NOES, 5
Mr Robert Dunn
Dr Brian Mawhinney
Mr Norman Miscampbell
Mr Nicholas Scott
Mr Robin Squire

Another Amendment proposed, in line 5, to leave out from the word "consideration." to the end of the paragraph - (Mr Robert Dunn).

Question, That the Amendment be made, put and negatived.

Paragraph agreed to.

Paragraphs 22 to 24 read and agreed to.

Paragraph 25 read, as follows:

"25. An investigation of the extent to which assistance with that "jump" required continued support to owner-occupiers throughout the whole of the average period of twenty-five to thirty years for which an owner-occupier has a mortgage would be outside the scope of this Report. However, THE COMMITTEE IS CONCERNED THAT HOUSING SUBSIDY TO OWNER-OCCUPIERS SHOULD CONTINUE AT SO HIGH A LEVEL WHILE SUBSIDY TO COUNCIL TENANTS SEEMS LIKELY TO DECLINE SHARPLY."

Amendment proposed, in line 5, to leave out from the word "Report." to the end of the paragraph - (Dr Brian Mawhinney).

Question put, That the Amendment be made.

The Committee divided.

AYES, 4	NOES, 3
Mr Robert Dunn	Mr Reginald Freeson
Dr Brian Mawhinney	Mr Nicholas Scott
Mr Norman Miscampbell	Mr David Winnick
Mr Robin Squire	

Paragraph, as amended, agreed to.

Paragraph 26 read, as follows:

"26. IN THE HOPE THAT THE SECRETARY OF STATE SHARES THIS CONCERN, THE COMMITTEE URGES HIM NOT TO ACT SO AS TO INCREASE FURTHER THE DISPARITY IN SUBSIDY BETWEEN THE TWO SECTORS AND SPECIFICALLY URGES THE GOVERNMENT NOT TO INCREASE THE £25,000 MORTGAGE TAX RELIEF CEILING."

Question put, That the paragraph stand part of the Report.

The Committee divided.

AYES, 3	NOES, 4
Mr Reginald Freeson	Mr Robert Dunn
Mr Nicholas Scott	Dr Brian Mawhinney
Mr David Winnick	Mr Norman Miscampbell
	Mr Robin Squire

Paragraph disagreed to.

Paragraphs 27 to 29 (now paragraphs 26 to 28) read and agreed to.

RESOLVED, That the Report be the Third Report of the Committee to the House.

ORDERED, That the Chairman do make the Report to the House.

ORDERED, That the provisions of Standing Orders Nos 85 Select Committees (Reports) and 85A Witnesses and Evidence (Select Committees) be applied to the Report.

Several papers were ordered to be appended to the Minutes of Evidence.

The Committee deliberated.

[Adjourned till a day and
time to be fixed by the
Chairman