

Housing

THE PRESENTATION OF HOUSING POLICY

Part I Government Policy, Public Perceptions, and Presentation

Government Policy

Our housing policies have benefited a substantial proportion of the electorate in a very material way. 6 million public tenants have obtained new and valuable legal rights under our Tenants Charter, and by the end of this Parliament, at least half a million tenants (or one million if wives are included) will have become home-owners entirely because of the right to buy and the Government's other low-cost home-ownership schemes. In housing we shall have brought tangible benefits to a very large number of the electorate.

Since the election the emphasis in housing policy has moved from the indiscriminate drive to build more new homes regardless of quality or acceptability to potential occupants, to an effort to make better use of the existing housing stock. At the same time the Government has embarked on an ambitious programme of extending home-ownership both through the sale of council houses and other low cost home ownership initiatives, and the liberation of public sector tenants through the tenants charter and the tenants exchange scheme.

Because of the failure of the Labour Government to implement its stated policy objective of increasing council house rents in line with earnings it has been necessary to increase rents by considerable amounts since the election, but it must be stated constantly that half of all council tenants receive

substantial help with their rent through supplementary benefit and rent rebates .

On the other hand, families who have entered home ownership for the first time in the last few years will have had to make sacrifices to meet the consequences of high interest rates. The recent reduction in mortgage rates will begin to make them feel those sacrifices were worthwhile, and in the long term they will enjoy the benefits of home ownership.

Public Perceptions

A recent survey * showed that the public's understanding of housing policy could be better. Most people, and a large proportion of council tenants, believe the Government is doing everything it can to ensure that council tenants who wish to buy their houses are able to do so. Fewer people think that the Government is doing enough to help first time home buyers who are not council tenants to buy their own homes. Most people disagreed with the statement 'it has been suggested that the Government is interested only in owner occupiers and has done nothing for council tenants'. A majority of people do not understand why council house rents had to be increased, although a small percentage of people think rents have not been increased enough. There is still considerable support for new building for rent. There is consistently high support among people of all parties for the proposition that the Government should make more money available for house improvement rather than new building.

* Gallup survey, conducted between the 10th and 13th April 1982.

The Presentational Approach

In housing, the major presentational need is not so much to get over the argument for Government policies, but to get over the benefits that the policies are already bringing to millions of families.

Few outside the Labour Party and the public housing lobby will deny the strength of the social case for selling council - certainly not council tenants themselves. Even fewer will deny the value of the Government's other low-cost home-ownership initiatives, and of measures to encourage the private rented sector. The Tenants' Charter, The Tenants Exchange scheme to facilitate mobility and initiatives on hostels and home improvements are being welcomed widely. About half the council tenants who do not choose to buy will receive help with their rent.

The key points to highlight are as follows:

- (a) The sale of council houses has brought home-ownership to thousands of council tenant families for whom otherwise it would have been impossible. By the end of 1981 nearly $\frac{1}{4}$ million council dwellings had been sold under the present Government and nearly $\frac{1}{2}$ million were still in the pipeline, of which well over half are likely to go through to completion.
- (b) We are not bringing home-ownership just to council tenants. Our other low-cost home ownership schemes (building for sale, improvement for sale, homesteading, and shared ownership) represent the most far reaching and comprehensive widening of home-ownership opportunities of any post-war Government. Two-thirds of all local authorities in England are now undertaking one or more

of the low-cost home-ownership schemes.

- (c) No other country has developed shared-ownership on the lines now available in Britain whereby people can buy a part stake in the equity of a house or flat with the contractual right to buy the balance of the equity later - in several stages if need be. This brings home-ownership well within the capacity of those with below average incomes. Shared ownership purchases are being made now of as little as 25% of the equity initially.
- (d) We have not ignored those who can only afford to rent - far from it.
- (e) In the public sector, our Tenants Charter gives all council, new town and housing association tenants far and away the most important extension of their legal rights this century - security of tenure, the right to improve, access to improvement grants on the same basis as owner-occupiers, the right to take in lodgers, the right to sublet, the right to be consulted by the local authority.
- (f) We have also made much the most important advances post-war in helping public tenants who want to move - with the launching of the National Mobility Scheme in April 1981, and with the Tenants Exchange Scheme which started on 1 April this year. The National Mobility Scheme

releases a minimum of 1% of each local authority's lettings to people from outside its area, and the Tenants Exchange Scheme provides the first national computerised information system about the exchange requirements all public sector tenants.

- (g) In the private rented sector we have made it possible for the first time for more than 15 years to let a house or flat short-term with the certainty of being able to get it back - by introducing shorthold. We have made it possible through introducing assured tenancies to carry out new building for rent, free from rent control. We have made it much easier for home-owners to let their spare rooms, and for owners of retirement homes and for home-owners going abroad to let their house for a short period with a guaranteed right of repossession.
- (h) We have extended rent allowances to a number of low income families who were previously excluded from them - e.g. certain hostel dwellers and those sharing accommodation.
- (i) Hostel accommodation, where there is the greatest single concentration of housing need, has been the subject of major improvements in legislation (in the 1980 Housing Act) and of a significant increase in expenditure. In 1982-83 there will be approximately three times as many hostel bedspaces approved as in the last year of the previous Government.

- (j) The home improvement grant system has been radically overhauled, and made usable for the first time by those with very little capital of their own. Improvement grants can now be paid to the low-income elderly and to the disabled at the rate of 90% of the cost of the work, and the same groups can now get a 90% rate of grant for home insulation. The 90% rate of grant has been extended to other groups in the Chancellor's recent Budget for grant applications received by 31 December 1982 and an additional £100 million has been made available for home improvement in 1982-83.
- (k) Through our Priority Estates Project we are making a concerted, intensive, and long over-due, effort to help authorities tackle the immense problem of difficult to let and vandalised council estates, covering, on local authorities own estimates, $\frac{1}{4}$ million dwellings (or more than $\frac{1}{2}$ million electors). The Priority Estates Project is demonstrating on the ground how three difficult to let estates in Bolton, Brixton and Hackney can be made more acceptable to tenants.

The appendix sets out the detailed factual record of the Government's housing measures.

PART II Fallacies versus facts

1. Housebuilding

Fallacy

The present Government is responsible for a collapse in the housebuilding programme.

Fact

Under the Labour Government public sector starts went down every single year from 1975 onwards; public expenditure on housing capital was nearly halved; and in their last year (1979) public starts were then the lowest in the post-war period. Whilst the decline in public sector housebuilding has continued under the present Government, local authorities have substantially underspent the Government provision for housing capital expenditure in 1981-2, and the reduction in public sector starts is being offset by an increase in private sector starts which in 1981 were 20% up on 1980.

2. Home ownership

Fallacy

Not enough is being done for first time buyers who aren't council tenants with the right to buy.

Fact

The Government has the most extensive range of schemes for helping first-time home-owners of any post-war Government. In addition to the Right to Buy, these comprise

- (a) the building of starter homes for sale by private housebuilders in partnership with local authorities.
- (b) the new improvement for sale scheme.
- (c) the homesteading scheme - the sale of vacant dilapidated houses for improvement by the purchaser.
- (d) shared ownership - part-owning and part-renting - which can now be provided as an alternative to outright ownership by councils, new towns and housing associations.

- (e) the mortgage guarantee scheme, under which local authorities can now act as guarantors of building society mortgages.
- (f) the general consent given to all local councils to sell vacant council houses and flats at 30% discounts to any first-time buyer.

Two-thirds of all local councils are now undertaking one or more of the Government low-cost home-ownership initiatives.

First-time buyers are also being helped by the fact that the ratio between earnings and house prices (as at the beginning of 1982) was more favourable than at any time under the last Labour Government.

3. The sale of council

houses

Fallacy

The sale of the century has not taken off.

Fallacy

The Government has not done enough to help tenants who face obstruction by Labour Councils.

Fact

Nearly $\frac{1}{4}$ million council dwellings were sold between May 1979 and December 1981, and the lion's share of nearly $\frac{1}{2}$ million right to buy applications will be coming through to completion in 1982.

Fact

Intervention has already taken place successfully in Norwich. Intervention has not occurred on a larger scale because Labour Councils almost without exception have submitted to continuous pressure from the Government to accel

A large number of councils rate of progress is being monitored monthly.

Every single complaint of delay from council tenants is pursued by the Department of the Environment with the council concerned.

The Minister of Housing has urged any tenant in England whose application is still being held up to write to him with details.

Fallacy

The Government isn't helping council tenants who can't buy because their house is on leasehold land.

Fact

In reply to a Parliamentary Question on 11 February the Prime Minister said, "I am well aware that our pledge at the general election covered those living in leasehold properties belonging to local authorities who wish to buy their homes, but where the local authority does not possess the freehold. Our last legislation did not cover that case. It should be covered. It is our intention to cover it. We have a high priority to do so. I cannot promise my hon. Friend that there will be legislation during this Session of Parliament. However, if not, we shall try in the next Session."

3. Council Rents

Fallacy

The Government is increasing rents to unjustifiable levels.

Fact

The Labour Government, while accepting the principle that rents should rise in line with money-incomes, failed to ensure that rents did so. Consequently the share of average earnings taken by rents dropped under Labour from 8% to 6.3% and the subsidy burden on taxpayers and ratepayers was increased enormously. It is only reasonable that council rents are brought back to a more sensible relationship to earnings, particularly when about 50% of all tenants get the majority or the whole of any rent increase paid for them through either supplementary benefit or rent rebates.

Fallacy

The Government is interested only in owner-occupiers and has done nothing for tenants.

Fact

Council tenants now have a Tenants Charter which gives them:

- (a) security of tenure
- (b) the right of succession to the tenancy for a widow, widower or resident relative
- (c) the right to sublet
- (d) the right to take in lodgers
- (e) the right to make improvement
- (f) rights to consultation

The Government has also introduced the Tenants Exchange Scheme, a computer based scheme which will enable public sector tenants to exchange houses with other tenants in different parts of the country.

4. Empty DwellingsFallacy

The Government is responsible for the considerable number of empty dwellings in the public and private sectors.

Fact

The responsibility lies squarely with Labour Councils and Labour policies. In the public sector the heaviest concentrations of empty council dwellings are in Labour authorities, frequently because of irresponsible large-scale municipalisation programmes carried out under the last Government.

The present Government has given councils the most extensive encouragement and incentives to get empty dwellings back into use by:

- (a) encouraging homesteading
- (b) bringing in the improvement for sale scheme
- (c) allowing councils to sell empty dwellings at 30% discounts

- (d) allowing councils to use both their housing and non-housing capital receipts to increase their housing expenditure, for example on improving their empty dwellings.

Too many Labour Councils have chosen to keep dwellings empty rather than selling them.

In the private sector the Government has introduced shorthold to help bring privately owned empty dwellings back into use through lettings for between 1 and 5 years. By their commitment to repeal shorthold the Labour Party is directly responsible for impeding the take-up of shorthold and for dwellings in the private sector being kept empty unnecessarily.

5. Public expenditure on Housing

Fallacy

The public expenditure cuts have fallen disproportionately on housing.

Fact

Housing is an area where there is a genuine private sector alternative to public expenditure. Low-cost home-ownership is a feasible and a more satisfactory housing option for many of those who are already in rented accommodation or on waiting lists. The Building Societies can and are replacing much of the public expenditure on local authority mortgages with private sector mortgages - again perfectly satisfactorily.

Even so -

- (a) the Government's gross provision for local authority's housing capital expenditure in 1982-83 (i.e. allocations plus receipts) will be 6% higher in real terms than that for 1981-82.

- (b) the Chancellor in his Budget announced £100 million of additional expenditure on home improvement and home insulation for 1982-83
- (c) the new capital receipt rules which the Government introduced from 1 April 1981 give individual councils very great scope for adding to their capital expenditure on housing if they wish from the receipts from sales of council houses, sales of council land and repayments of principal on local authority mortgages.

Labour MPs and Labour Councillors who complain about housing cuts often represent areas where the local authority is not spending its full entitlement on housing. (The latest authority by authority figures for 1981-2 on housing expenditure in relation to allocation plus receipts are in Hansard, Written Answers, 1 April 1982, Cols. 178-194).

A SUMMARY OF HOUSING MEASURES SINCE MAY 1979
(Updated to March 1982)

This brief is designed to provide a summary of the key provisions of the Housing Act 1980 together with other measures the Government has taken in the Housing field since May 1979.

This brief is arranged as follows:-

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THE GOVERNMENT'S LOW-COST HOME OWNERSHIP PROGRAMME

The Government is implementing a comprehensive and far reaching 7 point low-cost home-ownership programme as follows:-

1. The sale of council houses and flats

Council tenants, new town tenants and the tenants of non-charitable housing associations have been given the right to buy their houses or flats, and the right to a mortgage from their landlord or, in the case of housing associations, from the Housing Corporation.

If tenants are not able to afford to buy outright, they will, on payment of £100, have the right to a two year option to buy at the original price.

If they are still unable to buy at the end of the two-year 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.

The tenants of charitable housing associations do not have the right to buy, but these associations have been empowered to sell to their tenants voluntarily.

Co-ownership societies have also been given the power to sell to their members.

All local authorities (including county councils) have been given wider powers to sell houses and flats voluntarily. The general consents issued on 2 June 1981 enabled authorities:-

- a. to sell dwellings at a discount of up to 30% to sitting tenants who have not completed the 3 year right to buy qualifying period;
- b. to sell dwellings at right to buy discounts to sitting tenants who are excluded from the right to buy;

- c. to sell empty dwellings at discounts of up to 30% to any first-time buyer; to anyone with a firm offer of regular employment in the area; and to anyone having to leave tied accommodation, Armed forces married quarters, or a dwelling subject to slum clearance or redevelopment.

Since the Government was elected local authorities and new towns in Great Britain had completed the sale of almost $\frac{1}{4}$ million dwellings^{tc} up/ 31 December 1981. In addition at 31 December 1981 nearly $\frac{1}{2}$ million tenants in Great Britain had applied to buy their homes under the right to buy.

2. The sale of land for starter homes

To encourage the release of publicly owned land for starter homes schemes, authorities have been able since 1 April 1981 to increase their individual Housing Investment Programme (HIP) allocations by the full amount of their receipts from land sales. In addition, as from 1 April 1981 housing subsidy will be withdrawn from local authority housing land that is kept vacant and not developed within 3 years from 8 August 1980 or from the date of purchase if later.

Between April 1980 and September 1981 a total of 1210 acres of land was sold to private housebuilders in England by local authorities.

3. Building for sale

Maximum encouragement is being given to partnership schemes between local authorities and private housebuilders whereby building for sale is carried out under licence on local authorities' own land. A total of 113 out of the 367 authorities in England are undertaking such schemes.

4. Improvement for sale

Under the 1980 Housing Act, powers have been taken to make a central Government grant available to both local authorities and housing associations who improve run-down dwellings for sale. The grant is paid on any difference, up to a maximum of £7,500 per dwelling

(£10,000 in Greater London), between the cost of providing the improved the dwelling and its sale value after improvement. Experience so far suggests that this provides exceptional housing value for a relatively small amount of public expenditure. 80 local authorities are undertaking Improvement for Sale schemes and 51 housing associations also have had schemes approved.

5. Sale of unimproved homes (Homesteading)

Homesteading provides the lowest-cost route into home ownership of all. Pioneered by the GLC, sales of unimproved dwellings for homesteading have now been made by Skelmersdale New Town, and a number of local councils such as Corby, Newcastle, Peterborough and Portsmouth. 85 authorities are now undertaking home-steading schemes in the current year.

To encourage homesteading, powers have been taken whereby the Secretary of State can give an authority consent to waive the interest payments on the mortgages it grants for homesteading for up to 5 years. Such consents have been given to the GLC, the London Boroughs of Barnet, Ealing, Havering and Wandsworth, and the District Councils of Blackpool, Kingswood, South Lakeland, Tunbridge Wells and West Somerset.

6. Shared-ownership (part-owning and part-renting)

To bring home-ownership within reach of more people, local authorities, new towns and housing associations have been empowered to offer shared-ownership as an alternative to outright ownership in all the circumstances where they may be selling a dwelling - including sales of council houses, building for sale, improvement for sale and homesteading.

On 15 October 1980 comprehensive guidance was issued to each local authority and new town corporation on shared-ownership, including a Shared Ownership Model Scheme. Model clauses for inclusion in shared ownership leases have been agreed with the Building Societies Association to enable private sector mortgages to be provided for shared ownership purchasers and these were circulated to all authorities

on 6 February 1981. Guidance for housing associations has been issued by the Housing Corporation.

In February 1982 the Department issued a new booklet "Shared Ownership : how to become a home owner in stages". This is available free from local authorities and other public sector landlords and explains shared ownership in Question and Answer form. 37 authorities are undertaking shared ownership schemes.

7. Guarantees for Building Society Mortgages

To help make Building Society mortgages available to those buying the cheapest, and often therefore the most run-down dwellings, local authorities and the Housing Corporation were given a new power under the 1980 Housing Act to guarantee Building Society mortgages. Model forms of agreement were published in March 1981 (Circular 5/81). A number of authorities are now making use of these powers.

OTHER MEASURES TO ASSIST HOME-OWNERSHIP

8. The exemption ceiling for stamp duty that stood at £15,000 in May 1979 has now been raised again to £25,000 in the March 1982 Budget.

9. The ceiling for local authority mortgage advances has been raised from £13,000 (£15,000 in Greater London) to £25,000 in Greater London or elsewhere.

10. First payments under the Homeloan scheme were made in December 1980 and some 5,000 families have benefitted up to 31 January 1982. Prospective purchasers, who have saved under the scheme for at least two years and who buy a house within the regional price limits set by the Government, will qualify for:-

- a. a loan of £600, free of repayments of interest and capital for up to five years, and
- b. a tax free cash bonus of up to £110.

11. The Housing Act has made it easier for housebuyers to switch between option mortgages and tax relief mortgages. The house

valuation limit under the option mortgage guarantee scheme has been raised from £14,000 to £20,000.

12. The Building Societies have agreed to continue the Support Lending Scheme in 1982/83, and have earmarked £350M for this. From December 1981, the priority categories of borrower, under the Scheme have been extended to include council, new town, and housing association tenants who are buying their homes, and purchasers of homes under the Improvement for Sale scheme.

THE TENANTS' CHARTER

13. In the Housing Act the Government introduced the first statutory charter of rights for 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 ability of the landlord to obtain repossession for certain specific reasons;
- c. the right of 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 the tenancy.

14. To encourage tenants to take more direct responsibility for managing their own estates, powers were renewed in the 1980 Housing Act for the Secretary of State to approve agreements between local authorities and tenants' management co-operatives who are willing to take over the day to day management responsibility for their estates. 10 management co-operatives have so far been approved under the 1980 Act.

THE PRIORITY ESTATES PROJECT

15. The Government has launched, and is financing, a radical and

intensive drive to help local authorities tackle the serious problem of 'difficult to let' council estates, that now include, on authorities' own estimates, some 250,000 dwellings. It is doing this through its Priority Estates Project (PEP). Under this project, 3 actual difficult to let estates are being systematically upgraded—in Bolton, Hackney and Tulse Hill (Lambeth). In addition, the three independent consultants who are managing this project, and who are each tackling one of these estates themselves, are also providing an invaluable source of advice and practical experience to several local authorities with difficult to let problems. An interim report on the progress of PEP was published in 1981 and circulated to all local authorities. A film to demonstrate the various ways in which the difficult to let problem can be overcome is in the process of being produced by the Department and will be launched in June.

SHORTHOLD

16. Shorthold gives landlords the right to let for between 1-5 years with a guaranteed right of repossession, subject to the following safeguards for tenants:-

- a. existing statutory or protected tenancies cannot be converted into shortholds;
- b. tenants have security of tenure during the period of the tenancy plus a further year's security if the landlord does not give notice of repossession before the end of the shorthold period;
- c. For shortholds in Greater London a fair rent has to be registered. Outside Greater London the tenant has the right to apply for a fair rent, but a fair rent does not have to be fixed from the outset of the shorthold tenancy.

Up to the end of November 1981 the number of known rent registrations for shorthold tenancies was 5,128 (NB This is not the complete total of shorthold lettings because, for example, it does not include dwellings where a fair rent was already registered when the shorthold tenancy commenced.)

ASSURED TENANCIES

17. Under the 1980 Housing Act the Government created "assured tenancies", under which landlords approved by the Secretary of State can build for rent at freely negotiated (ie market) rents outside the provisions of the Rent Acts. Approval has been given for four bodies; the Abbey Housing Association Ltd, Wates Ltd, Rushey Development Co Ltd (a wholly owned subsidiary of Rush and Tompkins Ltd), and the Prudential Assurance Company Ltd. The Abbey Housing Association Ltd has already built and let property on assured tenancies in Tower Hamlets, and has other assured tenancies under construction or planned in Islington Southwark and Reading. The Chancellor announced in his March 1982 Budget that the 1982 Finance Bill would introduce capital allowances, at the rate of 75% in the first year, for expenditure on the construction of properties wholly for letting as assured tenancies.

OTHER RENT ACT CHANGES

18. In the Housing Act the Government has:-

- a. ended the system of controlled tenancies under which rents were pegged at 1956 levels; these tenancies have now been brought into the fair rent system;
- b. reduced the period between reviews of fair rents from 3 to 2 years, with a corresponding reduction in phasing instalments, in order to give greater protection of the value of fair rents against inflation;
- c. improved the rent registration procedures to avoid delays;
- d. extended the rights of temporarily absent owner occupiers, servicemen and the owners of retirement homes - and their successors if they die - to regain possession of their homes from tenants;
- e. made it easier for owner occupiers who sublet part of their homes to regain possession. (In addition resident landlords have been helped by the Finance Act 1980 which exempted from Capital Gains Tax the part of an owner occupier's home which is sublet providing it is not self-contained and the gain during the period of letting is

not more than £10,000 on the part of the house which is not let);

- f. extended the right of a deserted husband or wife to apply to the Court for the suspension of an order to possession;
- g. given widowers the same succession rights as widows;
- h. extended Rent Act protection to tenants of the Crown Estate Commissioners and the Duchies of Cornwall and of Lancaster.

SERVICE CHARGES

19. In the Housing Act, the Government has given tenants and long leaseholders of flats who pay service charges:-

- a. increased rights to obtain summaries of costs and to inspect the landlord's accounts;
- b. new rights to be consulted on major works, with a financial sanction against a landlord who fails to consult;
- c. new rights for tenants associations, and a simple procedure whereby associations can obtain recognition;
- d. a new right to challenge demands for advance payments which are unreasonable;
- e. a new right for tenants, who pay service charges as part of a fixed fair rent, to challenge a landlord's evidence on service costs before a fair rent is registered by the rent officer.

20. The Government has increased the maximum penalty for failure of landlords of flats to provide summaries of costs, or facilities for inspection of their accounts.

21. It has also increased the penalties for landlords failing to disclose their identity.

LEASEHOLD REFORM

22. In the Housing Act the Government has amended the Leasehold Reform Act 1967 to help long leaseholders of houses by:-

- a. providing for the creation of local leasehold valuation tribunals to settle valuation disputes arising under the Act quickly and inexpensively; the tribunals came into operation on 31 March 1981;
- b. reducing the residence requirement from 5 years to 3;
- c. reducing the bar on making a second application to buy the freehold from 5 years to 3.

IMPROVEMENT AND REPAIR

23. The new home improvement grant system was brought fully into operation on 15 December 1980. The most important changes are as follows:-

- repair grants are now available for pre-1919 properties generally, (previously they were obtainable in cases of hardship in Housing Action or General Improvement Areas);
- a home improvement grant no longer has to be repaid if an owner-occupier moves within 5 years, provided he or she sells to another owner-occupier;
- to help the less well-off, people can now improve in stages if they wish instead of having to undertake a comprehensive improvement of their homes, and, again to help the less well-off, local authorities have discretion to allow improvement to a lower cost;
- tenants in both private and public sectors are now eligible for grants for the first time;

- higher eligible expense limits have been introduced for Greater London for the first time;
- higher rates of grant are now available for all substandard houses.

24. New rates of grant and eligible expense limits have been set and are now in force.

On grant rates:-

- grants of up to 75% are now available not only in Housing Action Areas, but also for houses outside those areas which are substandard, including those in need of major repairs;
- the grant rate in General Improvement Areas has been increased from 60% to 65%;
- grant rates can be increased by 15% when the applicant is in hardship.

On eligible expense limits:-

- all limits have been increased, with a higher increase in Greater London where building costs are higher;
- for full improvement grants, higher limits now apply "in priority cases" (defined as houses in Housing Action Areas or substandard houses anywhere): these limits are now £11,500 in Greater London and £8,500 elsewhere.

25. The Exchequer contribution payable towards environmental works has been increased from £50 per dwelling in Housing Act Areas and £200 per dwelling in General Improvement Areas to £400 per dwelling in both types of Area.

26. The Chancellor announced in his March 1982 Budget that the grant rate for intermediate and repairs grants would be increased to 90% in all cases where the grant application was made by 31 December 1982.

In addition the rate of Exchequer contribution for repairs grants is being increased from 90% to 95% in order to encourage authorities to promote repairs grants by reducing the call on their own funds. To pay for these changes and to encourage local authorities to make more improvement grants generally available an additional £90.0m being made available for expenditure on home improvement grants in Great Britain in 1982-83.

HOME INSULATION

27. From 1 May 1982 the thickness of loft insulation required is being increased from about 80mm to about 100mm to come into line with the new building regulations standard for thermal insulation to be introduced on 1 April 1982.

28. In August 1980 a new 90% rate of grant under the Homes Insulation Scheme was brought in for elderly people on low incomes up to a maximum grant payable of £90. For other claimants, the maximum grant payable was increased to £65. In December 1981 the 90% grant rate was extended to the severely disabled on low incomes and from 1 May 1982 the maximum grants payable are to be increased to £95 and £65 respectively.

29. Local authorities were allocated £24.6m for grants under the Scheme in 1981/82, an increase of 30% in real terms over the total amount allocated for grants in 1980/81. £27.85m, now to be supplemented by most of the further £10m (GB) announced in the Chancellor's March 1982 Budget, has been allocated for grants in 1982/83. If authorities consider extra funds will be required they may apply to the Department to increase the proportion of their single block capital allocation which they may spend on insulation grants.

RENT REBATES AND RENT ALLOWANCES

30. To help those on low incomes the Housing Act 1980 extended rent rebates and allowances to most council licensees, to tenants of co-operative housing associations, to hostel dwellers, to those sharing accommodation and to assured tenants. None of these groups was eligible previously.

31. The Government has also raised substantially the ceiling for the maximum weekly rent rebate or rent allowance payment from the previous figure of £23 (£25 in Greater London) to the present £30 (£35 in Greater London). The Government has published proposals in the Social Security and Housing Benefits Bill for combining and rationalising the housing benefits currently provided by local authorities (ie rent rebates, rent allowances and rate rebates), and those provided by the Department of Health and Social Security through the supplementary benefit system. This will save tenants having to make the difficult calculation as to whether they would be better off on rebates/allowances or on supplementary benefit.

HOUSING ASSOCIATIONS

32. The 1982/83 allocation to the Housing Corporation for distribution to housing associations is £556m, which will maintain the level of allocations in real terms to housing associations for the third successive year.

33. Housing associations are also now able to make a major contribution to low-cost home-ownership:-

- a. like local authorities they may carry out improvement for sale; a £5m pilot programme was started in 1980/81 and by the end of January 1982 some 500 homes had been improved and sold under the scheme. It is anticipated that some 2,000 dwellings will be approved for improvement for sale during the 1981/82 financial year.
- b. housing associations may also build for shared-ownership sale. The Housing Corporation has issued a model scheme and a model lease. 125 schemes representing 1585 units have been approved so far during 1981/82 by the Corporation.
- c. the Corporation has also been allocated £3m this year for leasehold schemes for the elderly, a type of shared ownership. These schemes, in which 70% or 80% of the cost is met by the occupants, allow elderly owner occupiers to move into sheltered accommodation, releasing under-utilised family accommodation on to the housing market, and providing sheltered accommodation at much less cost to the public purse than the cost of similar rented accommodation. 11 schemes representing 241 units have been approved so far during 1981/82 by the Corporation and 45 units completed.
- d. the Housing Corporation has a similar power to that of local authorities to guarantee building society mortgages for housing association tenants exercising their right to buy their homes.

34. To simplify and speed up the processing of housing association schemes the Government has made fundamental changes to streamline procedures:-

- a. The "double scrutiny" of housing association development proposals by both the Department and the Housing Corporation ended on 1 April 1981. The Housing Corporation is now solely responsible for the approval of individual schemes.
- b. The procedures operated by the Housing Corporation for the supervision of associations and the control of their development projects has been simplified and streamlined.

This has enabled substantial economies to be made.

HOSTELS

35. In the Housing Act 1980 the Government introduced the first extensive reform of hostels legislation for many years. The Act:-

- a. for the first time provides a special grant of up to £6,750 (£9,000 in Greater London) for fire escapes for hostels plus a grant of up to £2,500 (£3,500 in Greater London) for associated repairs;
- b. improved the ability of local authorities to deal with overcrowding in hostels;
- c. increased penalties for bad management of hostels;
- d. extended rent rebates and rent allowances to those living in hostels who were not previously eligible for them.

In addition:-

- (i) bed-sitting room space standards have been increased in hostels for the elderly;
- (ii) lifts in hostels for the elderly and handicapped are in future to be eligible for Housing Association grant (previously there was no grant for a lift for a 2-storey hostel);
- (iii) to increase the availability of hostel accommodation, particularly in London, a special allocation of £12m has been made to the Housing Corporation for hostels in 1981/82, and the provision for 1982/83 has been increased to £18m;
- (iv) for the first time, local authorities have a duty, rather than a power, to ensure that large hostels and houses in multiple occupation (those with three or more storeys excluding basements and with a floor area in excess of 500 square metres) are provided with adequate means of escape from fire.

THE ELDERLY

36. The elderly will benefit from the more flexible system of home improvement grants such as:-

- a. the ability to improve in stages (eg to instal an inside WC or bath) instead of having to make a full scale improvement all at once;
- b. the ability to improve (at the local authority's discretion) to a lower cost;
- c. the general increases in home improvement grant limits, and the special rates of grant going up to 90% in hardship cases;
- d. the extension of repair grants to older properties (nearly a third of all pre-1919 houses are owned by elderly people).

37. The elderly will also be helped by the increase in maximum rent rebates and allowances (see paragraph 29).

38. A new grant rate of 90% for the cost of loft insulation has been introduced for elderly people on low incomes (see paragraph 26 above).

39. Standards for elderly persons' accommodation have been raised in three ways:-

- a. separate bedrooms and living rooms rather than bedsitters can now be provided;
- b. lifts can now be provided in sheltered accommodation and hostels of 2 or more storeys;
- c. space standards have been improved in hostel schemes for the elderly.

40. The option mortgage scheme has been extended to provide additional income to elderly non-taxpaying owner-occupiers who take out a loan on the security of their home to buy a life annuity.

41. In the Local Government Act 1980 local authorities were given the power to defer payment of rates by elderly owner occupiers.

42. The Government is supporting a wide range of initiatives to encourage greater provision of elderly persons' accommodation for outright purchase or for shared ownership. These were set out in detail in the Minister of Housing's speech, "Housing for the Elderly" on 11 November 1980.

THE DISABLED

43. The above provisions to help the elderly will also benefit the disabled.

44. In addition under the Housing Act rateable value limits for improvement grants no longer apply where the works are for making a dwelling suitable for a disabled person. Priority rates of grant of up to 90% and higher eligible expense limits now apply to adaptations, under the home improvement grant system, needed for a disabled person, and the 90% Homes Insulation Scheme grants have been extended to the severely disabled on low incomes (see paragraph 26 above).

45. These and other initiatives taken for the benefit of disabled people were set out in the Minister for Housing and Construction's speech "Housing for the Disabled" at the RADAR Conference on 23 October 1981.

SERVICEMEN

46. To help servicemen buy a home whilst still in the services:-

- a. under the Housing Act servicemen have the right to buy a house and let it (without necessarily having lived in it) until they need to live in it themselves.

- b. Regular servicemen who exercise the "Right to Buy" may count time spent in service accommodation for calculating their entitlement to discount.

MOBILITY

47. The Housing Act aids mobility in the following 8 ways:-

- (1) by giving public sector tenants the right to buy their homes;
- (2) by the measures in the Act to help other first-time buyers - particularly shared-ownership, improvement for sale and home-steading;
- (3) by the introduction of shorthold tenancies for privately rented accommodation;
- (4) by making it easier for owner-occupiers to take in tenants;
- (5) by giving public sector tenants the right to take in lodgers and, with their landlords' consent, to sublet part of their home;
- (6) by the special encouragement given to local authorities to make properties available for up to one year to people moving into their area to take a job whilst they look for permanent accommodation;
- (7) by the publication of housing association and local authority allocation, transfer and exchange rules;
- (8) by the new powers of the Government under Section 46 to make a financial contribution to tenant mobility schemes.

48. The Government has also assisted mobility by empowering local authorities in the new general consent to sell empty dwellings at discounts to job movers. The discount can be up to 30%, which will help to even out house price differentials between various parts

of the country.

49. The Government worked closely with the local authority associations for England and Wales in developing proposals for the first ever National Mobility Scheme, which came into operation on 1 April 1981. The Scheme is open to the tenants and people high on waiting lists, of all participating local authorities, new town development corporations and housing associations; who need to move to a different area for work or family reasons. Other people with a pressing need to move can also apply. The Scheme operates at two levels, facilitating moves between districts in the same county and moves between districts in different counties. So far 97% of local authorities and all new town development corporations have agreed to participate, in the Scheme.

50. The Government has announced the launch of the Tenants Exchange Scheme, with effect from the beginning of April 1982. The Scheme will provide a national computer-based information service for tenants of local authorities, new town development corporations and housing associations who want to exchange homes with similar tenants in other parts of the country.

REFORM OF LOCAL AUTHORITY HOUSING FINANCE AND HOUSING PROJECT CONTROL

51. The Government introduced on 1 April 1981 a series of fundamental changes in the arrangements for local authority housing finance and project control in order to achieve substantially greater freedom of decision making by authorities themselves. The most important of these changes are:-

- a. Each authority has a single ceiling for all its capital investment with the freedom to use whatever proportion of its total allocation for housing purposes that it wishes.
- b. Each authority is now able for the first time to use its capital receipts, or a proportion of those receipts, whether housing or non-housing receipts, to add to its capital expenditure on housing - or indeed on other services.
- c. Mandatory minimum standards ("Parker Morris") and cost

ceilings (the "yardstick") for new housebuilding have been abolished. Each authority will be able to decide what standards and costs give best value for money.

- d. A new housing subsidy system came into effect on 1 April 1981. It is a deficit system and enables subsidy to be distributed more selectively in relation to housing need. In addition, following the abolition of the so-called "no profit rule", authorities can now budget for a credit balance within their Housing Revenue Account and have the freedom to use such a balance to finance their capital programmes or to repay housing debt, or to transfer it to the General Rate Fund.

1980 HOUSING ACT BOOKLETS

52. The following booklets explaining the 1980 Housing Act in Question and Answer form are available from the Department of the Environment, Local Council Offices, rent officers and housing aid centres.

"The Tenants' Charter" - new rights for council, new town and housing association tenants.

"The Right to Buy" - a guide for council, new town and housing association tenants.

"The Rent Acts and You" - a brief guide for landlords and tenants.

"Letting Rooms in Your Home" - a guide for resident landlords and their tenants.

"Letting Your Home or Retirement Home" - a guide for home-owners and servicemen who want to let their homes temporarily.

"Controlled Tenancies" - bringing them into the fair rent system.

"Regulated Tenancies" - fair rents and security of tenure explained.

"Shorthold Tenancies" (first revision) - a guide for private landlords and tenants.

"Service Charges in Flats" - a guide for landlords and tenants.

"Notice to Quit" - a brief guide for landlords and tenants.

"Housing Association Rents" - a guide for housing associations and their tenants.

"Home Improvement Grants" - a guide for home owners, landlords and tenants.

"Leasehold Reform" - a guide for leaseholders and landlords.

"Shared Ownership : how to become a home owner in stages" - a guide for potential owners.

"Wanting to Move?" - a guide for those wanting to rent or buy in another area.

53. HOUSING FILMS

The Department has released films entitled "A First Home" showing a wide range of low-cost home-ownership schemes that have already been carried out; "Housing for the Disabled", showing a variety of ways of meeting the housing needs of disabled people; and "Home Improvement", covering the new home improvement grant system, the role of private sector finance, Improvement for Sale, improvement with tenants in residence, and agency services.

These films have been made available to all local authorities, the housebuilding industry and other interested organisations throughout the country. Copies of the booklets accompanying the films and describing the schemes shown in the films in more detail, are available from the Department.

A further film setting out ways of dealing with difficult to let estates is being produced and will be available in June 1982.

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