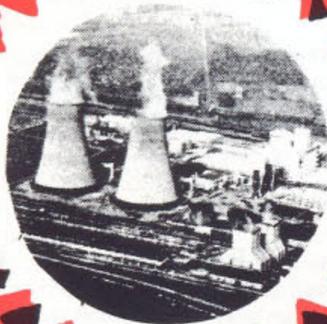


THE GREAT SALES ROBBERY

SALE OF COUNCIL HOUSING

**NEW
REVISED
AND
EXPANDED
EDITION**

40p



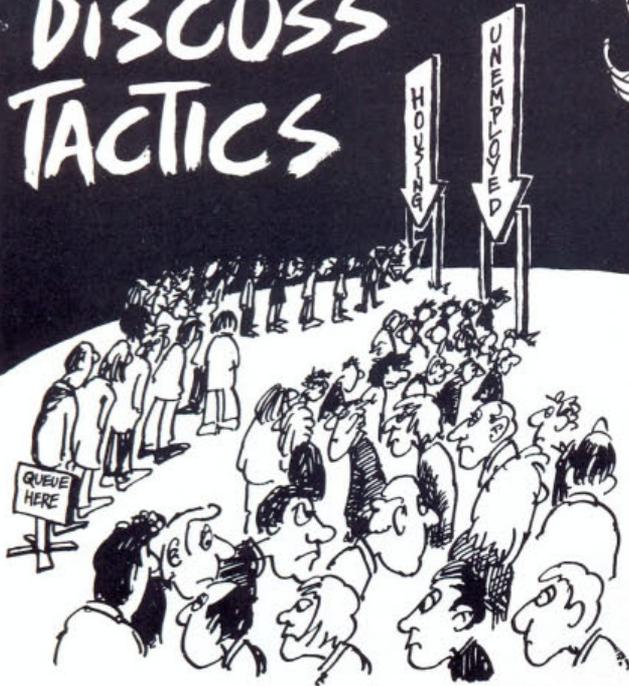
**Why all sales
are disastrous**

**Developing
alternatives**

The importance of council housing

Action to stop sales

THE QUEUE BUILDERS DISCUSS TACTICS



HESELTINE: "I'LL JUST HAVE TO CUT ALL COUNCIL HOUSE BUILDING AND GIVE 100% DISCOUNTS."
JOSEPH: "CREEP. I'LL STILL BEAT YOU!"

Some of the organisations in the labour movement who are opposing the sale of council housing:

Liverpool Trades Council
 Glasgow Council of Tenants
 Battersea Labour Party
 South East Regional Council of the TUC
 Colchester and District Trades Council
 Sheffield Federation of Tenants and Residents Assoc.
 National Tenants Organisation
 Southwark Trades Council
 Camden Federation of Tenants and Residents Assoc.
 North Tyneside Trades Council
 South Shields Trades Council
 Newcastle Trades Council
 Southern Tenants Organisation
 Covent Garden Community Association
 Chiltern Trades Council
 Chiltern Tenants and Residents Assoc.
 NUPE, Newcastle upon Tyne Branch
 Liverpool - North City Joint Housing Action Group
 Coventry Trades Council
 Coventry Temporary Council Tenants Assoc.
 NALGO, City of Liverpool Branch
 Housing Action, London
 Newcastle Tenants Federation
 Westminster Council Tenants Action Committee
 Southwark Group of Tenants Associations
 Wakefield and District Trades Council
 NE/NW Branch, Chorley Labour Party
 Blackpool North, South and District LPYS
 Bristol Trades Council
 Bristol South, East and West CLP's
 Hyndburn Trades Union Council
 National Housing Liaison Committee
 NUPE, Nelson and District Branch
 Preston and District Trades Council
 TGWU/ACTSS 7/133/54 Branch, Edinburgh
 AUEW/TASS Bristol No 1 Branch
 Sandwell Tenants Liaison Committee
 Calderdale Independent Labour Publications
 Ingthorpe Branch Labour Party, Blackpool
 Hyson Green Development Tenants Association, Nottingham
 Basford Tenants Action Group, Nottingham
 North Southwark Community Development Group
 Radford Phoenix Group, Nottingham
 GLC Group of the London Tenants Organisation
 NALGO, Southwark
 National Women's Aid Federation
 London Tenants Organisation
 Unemployed Workers Union (Tyneside Branch)

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ASSET STRIPPING

THE PUBLIC SECTOR

The rate of council house sales in 1980 will be the highest ever recorded. In the last nine years over 200,000 have been sold. The majority of these being sold during the Heath administration and from 1977-9 as Conservative councils initiated their own sales drives whilst Labour was in Westminster.

These sales do not represent a mad and 'natural' rush to become owner-occupiers as advocates of sales would have us believe. In fact increased sales are coming at a time when discounts are even more generous, mortgages more freely available and local councils are being forced to sell. They came at a time when rents are being forced fiercely upwards, repairs and modernisation services are worsening and new council building is at its lowest for 50 years.

Thus the sale of council houses fits into a clearly defined political and ideological battleground — between the future of council housing and the future of owner-occupation. Between the individual solution to housing problems and the collective one. Moreover sales fit into a larger political arena — the relative power and influence between the private and public sectors. So the sale of council housing has to be seen as part of the sale of public assets as a whole and the fight against cuts and redundancies in local government.

In this pamphlet we look at why council housing is so important and why so many vested interests wish to sell it off and promote owner-occupation. We look at how real alternatives to sales need to be debated and fought for by the labour movement. Whilst many still argue that sales have no adverse effects, we show some of the overwhelming evidence that clearly demonstrates that selling council housing means the sale of jobs, higher rents, longer waiting and transfer lists, less choice, reduced mobility, greater social division and the creation of council ghettos. Lastly and most importantly, we suggest various ways in which sales can be delayed and stopped by the labour movement.

However before all this it is essential to examine the Tories political strategy, the sale of other public assets and the worsening housing crisis.

Tories political strategy

The cuts in public spending, asset stripping of the public services, reducing controls to make it easier for private firms to operate, are all part of the Tories strategy to create the political and social conditions favourable for the recovery of free enterprise. This can only be achieved by weakening and containing the strength of the labour movement, dividing it and eliminating or reducing hard won working class gains. Hence the Tories policies of restricting trade union rights, increasing state expenditure on the police and defence, reinforcing divisions and creating new ones within families, between tenants and owners etc. The Tories are quite content to lose public money over council house sales, unlike the sale of other public assets, because of the political advantages. Sales not only create new markets for exploitation but also mean that people burdened with mortgage debt and greater responsibilities are less likely to strike or to be able to sustain industrial action for any length of time. More and more mini-capitalists, individually exploiting each other without challenging the institutional framework, helps to support and maintain the system. It also helps to weaken traditional Labour Party support on council estates.

There are now over 6 million council and new town houses and flats in Britain which, despite many faults, are a major national asset worth over £100,000m! Attempts to sell off this asset are not new. The Tories first thought of it in the 1920s within a few years of the start of council housebuilding.

September 4, 1981
Price: Ten pence

STANDARD CITY PRICES

GLC property auction could raise £1000 million

LONDON GOES UP FOR SALE

by Richard Northedge

A LIST of more than 1000 GLC properties which could sell for a billion pounds has been produced by the council in an attempt to reduce its landholdings.

There are many famous buildings in the list, including the Savoy, Pavilion and Grand Theatres, Wilson's Music Hall in the East End and the restaurant, Cafe de Paris, developed since behind the National Theatre.

The GLC is being forced to bring to strip its property in order to reduce its massive debt.

The council is being forced to strip its property in order to reduce its massive debt.

The council is being forced to strip its property in order to reduce its massive debt.

The council is being forced to strip its property in order to reduce its massive debt.

The council is being forced to strip its property in order to reduce its massive debt.

Is this a clanger?

California bank to offer mortgages in Britain

By MICHAEL LAPORTE, BANKING CORRESPONDENT

California bank to offer mortgages in Britain

Co-op looks to housing finance

'A Tory trap' for rich families

But asset stripping is not just confined to council and new town housing and land. The Tories are also:

- Allowing private firms to deliver mail, hiving off British Telecom (now part of the Post Office) and allowing firms to supply customers second and subsequent telephones, private branch exchanges and new

COUNCIL HOUSE SALES 1972 - 9 (inc). KEY AUTHORITIES SELLING MORE THAN 4% OF STOCK

9 - 10%

Dacorum (Herts), Eastleigh (Hants), Epping Forest (Essex), Havering (Essex).

8 - 9%

Beaconsfield (Bucks), Nottingham, Peterborough New Town (Cams)

7 - 8%

Basingstoke and Deane (Hants), Eastbourne (East Sussex), Solihull (Warwicks)

6 - 7%

Colchester (Essex), Hereford, Redbridge (Essex), Warrington (Cheshire)

5 - 6%

Bexley (Kent), Huntingdon (Cams), Milton Keynes (Bucks), Rushmoor (Hants), Thanet (Kent), Westminster (London), Wokingham (Berks)

4 - 5%

Arun (W. Sussex), Cardiff, Chamwood (Leics), East Devon, Gedling (Notts), Hinkley and Bosworth (Leics), Kingswood (Avon), Northampton, North Wilts, Rushcliffe (Notts), Surrey Heath (Surrey), Spelthorne (Surrey), Wimbourne (Dorset), Wycombe (Bucks)

COUNCIL HOUSE SALES BY REGION 1971-9

Region	% of Stock
South East (excl GLC)	7.1
East Midlands	5.9
South West	4.7
Greater London	4.5
East Anglia	4.0
Wales	3.7
North West	3.0
Yorks & Humberside	2.9
Northern	2.5
Scotland	0.3

These charts clearly show that overall sales have been predominately in the south and midlands, whilst there have been far fewer in the north. It is not just the big urban authorities that have sold a large part of their stock. Rural and suburban authorities, particularly in the home counties, have sold hundreds. Many of the authorities listed only have a very small amount of council housing in the first place (3000 - 10,000) thus sales have even more disastrous effects. Moreover there is often little organised opposition in these areas.

Tory sales policy

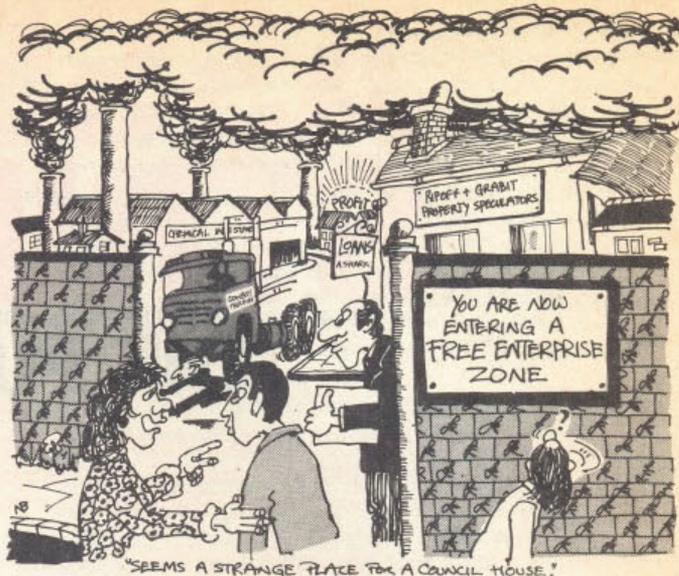
Under the 1980 Housing Act

- All public sector tenants (who have been tenants for 3 or more years) have a legal right to buy their houses (freehold) or flats (leasehold).
- Main exceptions: tied tenants, tenants of charitable housing associations, dwellings specifically built or adopted for the old and/or handicapped.
- Discounts on sales ranging from 33% to 50% maximum. After three years tenancy, not necessarily in the same house or with the same local authority, buyers get 33% discount, then an extra 1% for each additional year of tenancy up to the maximum.
- Buyers have legal right to mortgage from council or Housing Corporation, subject to qualification levels set by the Department of the Environment. Mortgages can be shared by up to 3 members of the household.
- £100 secures the option to buy within 2 years whilst the house price is frozen. Depending on how house prices rise this can mean discounts of up to 70% of market value in some areas.
- Duty to offer house back to the council if house is resold within 5 years is abolished. Instead 80% of discount must be repaid if house is sold after 1 year, 60% after 2 years, 40% after 3 etc.
- Controversially weak restriction says local authorities owning dwellings in National Parks or areas of outstanding natural beauty can restrict resale to people who have lived or worked in that area for the last 3 years.

ENCOURAGING OTHER SALES

Nothing in the Act prevents councils operating their own drives as well as selling under 'the right to buy'. Councils can, if they wish, decide to do any of the following: sell all new houses, sell all relets, give 30% discounts to tenants with less than 3 years tenancy, apply to Heseltine for permission to sell special pensioners or handicapped accommodation, give 30% discount to 'priority' groups such as first time buyers and people moving to find jobs, sell without discount to any buyers.

The government is also encouraging: shared ownership (buying part and renting part of a house); community leasehold (tenant buy 99 year lease from housing association for half the house and rents the other half); co-ownership housing schemes (where co-op or co-ownership association buys/builds houses and individuals can buy their house later on); sale of land to developers and property companies either outright or through partnership or licence schemes.



technology such as data processing equipment.

- Forcing British Rail to sell off its hotels, Sealink Ferries, Seaspeed hovercraft and its non-rail properties.
- Allowing private enterprise to generate and sell electricity and have the right to use the CEGB grid.
- Selling shares in British Airways, British Transport Docks Board and the National Freight Corporation.
- Selling bonds of the British National Oil Corporation and restructuring public investment in North Sea oil and gas.
- Encouraging private hospital development, private health insurance and increasing NHS contracts to private firms.
- Allowing private bus companies to compete with public services on profitable routes.

The continued expansion and the improvement of council housing is essential. It is the **only** means by which all working class families will get decent housing at a reasonable cost, and based on what they want and need and not on their ability to pay.

The key advantage of council housing is that **all** the costs of the land, building and maintaining **all** the houses is shared by **all** the tenants. Rents of older houses more than cover their costs and this surplus is used to keep down the rents of more costly newer houses. Council housing is only paid for once and there are no private landlords extracting profits because of their control over this scarce resource.

Banks get in on the act

The financial institutions are expanding their investment in home ownership. The battle between the banks and the building societies is hotting up. The Trustees Savings Bank and William and Glyn's Banks are now giving mortgage for council house sales. The other banks — National Westminster, Midland, Lloyds and Co-op are also giving home loans. American Banks such as Citibank, Security Pacific are rapidly expanding their network of branches and financing mortgages on higher priced houses.

The building societies are opening up more and more branches to compete for savings directly with the banks. Abbey National Building Society is now building fair rent housing using housing associations and is planning build-for-sale schemes directly with builders.

Housing crisis getting worse

It is not just the sale of council housing. Housing is in the front of the attack on the public services. Both Labour and Tory Governments chose to cut at one of the weakest points in the labour movement. Under the Labour Government £2,000m was slashed off council and new town housebuilding

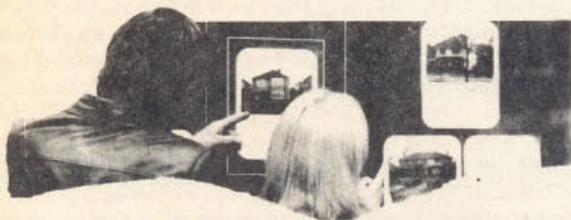
and improvement work alone. The Tories have already cut another £1000m off council housebuilding — by 1984 spending on housing will have been cut by a massive 61% in ten years.

Council housebuilding will be virtually eliminated by 1984, massive rent increases are in the pipeline, repairs backlogs increasing, improvement and modernisation grinding to a halt, standards have been reduced — meanwhile the housing crisis is getting worse. Already at the start of 1980s —

- More people are waiting longer — 1,100,000 on council waiting lists.
- Homelessness is increasing — 53,000 households accepted by local authorities in 1978.
- 1,900,000 houses are either unfit for human habitation or lack basic amenities.
- 30,000 - 50,000 houses are lost through slum clearance each year and another 70,000 become unfit annually.
- 250,000 council houses are difficult to let by local authorities definitions alone.
- Defects and dampness in badly designed and built council housing will cost hundreds of millions of pounds to repair — £180m in Glasgow and Edinburgh alone, £83m in the New Towns.
- Local authorities are having to demolish more and more purpose-built council housing — over 10,000 dwellings have been or are planned to be cleared.

The TSB likes to say **YES** to mortgages.

Ask about TSB Mortgage Schemes.



Individual gains at others expense

Some families do want to buy their council houses. They generally have to work and save hard to do so. But they are attracted to owner-occupation mainly by the faults in council housing — the lack of choice over the kind of home and location, the lack of freedom and control over the home itself, and not simply by the longer-term financial advantages owner-occupation could bring to them individually.

But these are problems which can and must be solved **within** council housing. This pamphlet clearly shows that tenants who buy their council houses, whilst hoping to solve their own housing problems, directly contribute to a worsening of the housing situation for their children) who will have to seek their own accommodation before they inherit the house their parents own), friends and relatives and all other council tenants and those seeking and needing a council house.

"One of the myths is that the Conservative Party believes in home ownership and that the Labour Party seeks to deny home ownership to millions of people. The records of the parties since the war make it clear that the only party which has taken positive steps to extend the opportunity for people to purchase their homes is the Labour Party". Jack Straw, MP, 6 August 1980.

YOUR VERY OWN SLICE OF CAPITALISM



Sales procedure

The following is an outline of the procedures laid down in the Housing Act 1980 for sales.

1. Tenant serves landlord with written notice claiming the right to buy.
2. Within 4 weeks (8 weeks if in the previous 3 years the house had belonged to another landlord) the landlord must send a letter to tenant admitting or denying the tenant's right to buy and a 22 page form to fill in.
3. After the application is received and "as soon as practicable" the landlord sends a letter to the tenant describing the dwelling, its price, conditions to be included in the conveyance, the improvements disregarded, together with a mortgage application form.
4. Within 3 months the tenant can, by sending letter to landlord, claim the right to valuation by District Valuer. Within 4 weeks of receiving tenant's letter landlord can also refer matter to District Valuer who can receive representations by both parties.
5. "As soon as practicable" after the District Valuer states re-valuation the landlord sends the tenant notification of the revised price.
6. Within 3 months of valuation tenant must return mortgage form to the landlord (Housing Corporation if landlord is a housing association). Landlord can extend this period if there are "reasonable grounds". Tenant can go to the County Court to get an order extending or further extending this period if landlord refuses.
7. "As soon as practicable" the landlord informs the tenant of the amount of the mortgage, how the amount was arrived at, provisions to be included in the deed. Also informs tenant of entitlement to defer completion on payment of £100 within 3 months.
8. Landlord completes the sale if agreement is reached on the mortgage but: (a) if after 3 months after receiving the mortgage form the tenant has not claimed a mortgage or agreement is not reached on the mortgage, landlord can serve a notice requiring the tenant to complete the sale within a period — not less than 28 days — or deposit £100 as under (7) above. (b) If landlord refuses to complete the sale at this stage the tenant can serve an injunction on the landlord to complete.
9. Landlord gives tenant a land registration certificate for the Chief Land Registrar.

How applications are processed within local authorities will vary but normally the Housing Department will deal with the tenant's entitlement to buy, length of residency, whether dwelling falls within the sales category etc. Architects Department will supply original costs, prepare site plans and boundary details. Valuers Department will do valuation. Legal and Finance Departments will deal with the mortgage and conveyancing. Direct Works will deal with outstanding repairs etc.

The council cannot pass onto the buyer the costs incurred in tenants exercising their right to buy eg costs of administration.

However the costs incurred by the council in granting a mortgage can be included in the mortgage but the Secretary of State has powers to specify the maximum amount. Nevertheless councils and housing associations should ensure that all costs are included eg staff wages, overheads such as the cost of office space, phone, electricity, stationery etc and to make its role as an estate agent at tenants and ratepayers expense a public issue. If cost limits are imposed by the government then council should take collective action through the local authority associations and also transfer staff to more important duties.

The mortgage rate is crucial in determining the cost of home purchase and the local authority can use its own rate or the national building society rate whichever is the greater, however the government has the power to intervene to fix the rate if it considers the local authority's rate is too high.

Local authorities or housing associations cannot sell, lease or transfer their housing stock to a charitable housing association, co-operative or other organisations as a means of avoiding sales because government permission is required for each disposal.

WHY COUNCIL

In this section we examine the effects of council housing having to operate as part of the private market, and how owner-occupation has been pushed and given special aid.

Sharing the costs

The system of council housing is based on two important socialist principles —

- the pooling and sharing of all the costs between all the tenants, and
- the building and allocation of houses and flats based on the need for accommodation.

The pooling and sharing of costs means that new council houses can continually be added to the stock and older houses improved, and the rents of these kept to a much lower and more reasonable level than they would otherwise be, (and much lower than in the private market). The rents of many older properties have in effect more than paid for these houses, tenants thus are paying for the use of their houses and for repairs, management and improvements, and helping to keep down the rents of newer houses.

Failure of private market

Experience shows over and over again that the private market — even when it has been allowed an almost completely free hand — simply cannot provide decent houses for everyone. The cost of housing is high and profits can only be made out of providing housing for richer people. And because private housing is shared out on the basis of profit, private enterprise will only provide houses while it is profitable to do so.

Achievements & problems

Some council housing is amongst the best designed and most attractive housing in the country, with open space and community facilities. Many of the council houses built in the 1920's are still very popular with tenants — proving it pays both socially and financially to design to high standards. Many tenants praise the amount of space and storage facilities in modern Parker Morris houses which are far superior to most private houses for first-time buyers. Thousands of families whether in a clearance area, on the waiting list, in privately rented or overcrowded accommodation or just wanting a house would like to get a council tenancy. Over the years six million council houses and flats have been built and the amount of public housing is the envy of many other countries.

Yet set against these achievements is the fact that some council housing has been either badly designed, cheaply built, poorly maintained, poorly situated, or badly provided with community facilities. Some estates suffer from all these defects and have become the 'problem' estates of today.

Moreover the housing lobby, governments and councils have consistently failed to act to realise the full potential of council housing. For instance transfers have been limited, rights of tenants restricted, cost limits introduced, repairs services been run down, sections of the community eg single people, blacks, discriminated against in allocation procedures. Tenants are still often treated as though they are the 'undeserving poor'.

Part of the market

However council housing will always be hamstrung while it has to operate alongside and within the private market. This is the reason for many of its problems and inadequacies.

- council housing has to compete for land in the highly profitable land market
- the design and standards of council housing is constantly influenced by market forces and government policy. For instance the big trend towards industrialised building systems in the 1960's was backed by extra subsidies from central government and construction companies anxious to build large numbers of units with cheaper construction and labour costs and hence increased profitability.
- money for council housing has to be borrowed mainly on the private market. An average 64p in the £1 paid in rent goes on interest and capital payments to financiers. 90% of this amount is solely in interest charges (1978-79 figures). Governments have consistently allowed financiers to profit from this system. They have also always limited the total amount of money that can be borrowed for housing.
- the construction of housing is firmly in the hands of private builders who build 97% of council housing. Its highly profitable with compensation for inflation during contracts etc. However when other work eg office building is more profitable, firms will submit inflated tenders and push up the cost of council housing as they did during the property boom in 1972-73.
- the price of building materials depends on private firms supplies. Many of these have a virtual monopoly eg London Brick Company manufacturers most of the bricks, Pilkington most of the glass, Portland most of the cement, British Gypsum has a monopoly of plasterboard.
- the government of the day responds to market pressures and makes cuts in housing programmes as well as setting limits on space and standards.
- direct labour organisations responsible for repairs and maintenance are bitterly attacked when the private sector believes it is in their interest.

So quite clearly council housing is firmly rooted in the private market and is a constant source of profit for the various interests. In addition to this, various governments since 1919 (except for some very brief periods when it has been expanded) have reduced the role of council housing from one of providing for general needs to one which provided only for rehousing from slum clearance and special welfare needs.



Council houses sold recently in Nottingham

HOUSING IS SO IMPORTANT



No accident

54% of the UK housing stock is now owner-occupied. This is a huge change from the situation in 1914 when only 10% of the stock was owner-occupied and almost all the other 90% were privately rented. Britain has one of the largest amounts of home ownership among European countries.

This has **not** come about simply through a natural desire to own your own home. It's been caused by a number of factors including: successive governments practical encouragement to owner-occupation (eg tax advantages, 100% local authority mortgages); the phenomenal growth in the size, assets and power of the Building Societies (in 1920 there were 1,271 societies with £87m assets — by 1979 there were 287 societies with 5,147 branches and assets of £45,789m); successive government's failure to provide sufficient good quality council housing; various professional, political and business interests campaigning for increased owner-occupation; the decline of privately rented housing; the promotion of the belief or ideology that owner-occupation is the best of all forms of housing

Belief in the market

At the root of the push towards owner-occupation is the belief that the private market could and should provide almost all housing in this country. A belief that the market can and will provide what the consumer wants. A belief that housing like other goods, should be available for those who can pay rather than seen as a basic necessity of life and allocated according to need. Such beliefs as we see later, are encouraged by the private market itself which has the most to gain from increased owner-occupation.

At the same time another whole series of ideas are attached to owner-occupation. It offers 'personal freedom', is 'safe', 'secure', 'a haven of rest', 'the investment of a lifetime'.

The Building Societies have led the way with massive

advertising and propaganda, including special 'education' material for schools, in shaping the ideology and creating 'desirable' images — the family round the fireside, the asset for old age, the reward for the thrifty.

In contrast council housing has had a completely different set of labels continuously attached to it which revolve around a rationing mentality and the stigmas of the poor law. 'Wait your turn', 'they don't deserve any better', 'special cases', 'good housing for the deserving', 'its for all those who can't help themselves'; 'problem' families are put on 'problem estates'. Its image, allocation and management is firmly based in welfarism, doling out rations to the needy.

Individual competition

The very core of owner-occupation is individualism. Each person or each family must be responsible for finding their own housing whilst council housing becomes the safety net for the few. The fact that so many people accept the fact that over half our housing is now owner-occupied as 'normal', points to the strength of the ideology that has been created. In contrast it is still generally accepted, despite the present attacks, that the education, health and social services should be provided on a collective basis.

It is obviously in capitalism's interests to have millions of individualised retreats, paid for fully by the workers and yet acting as a continued source of profit to all parts of the housing market.

It is also useful for the capitalist system to have as many people actually own a small piece of land and property as possible, since the ownership of larger chunks or property, of factories, machines, ships, hospitals etc seems a totally acceptable part of our political system and hence less likely to be challenged. **The fact that you can 'own' a house (ie have almost total freedom to use it as you like) without a financial stake, is never seriously considered.** For the capitalist version

of home ownership is useful in bolstering that political system whilst the socialist or collective version is generally directly in opposition to capitalism's needs.

However owner-occupation's real and imagined advantages are only **comparative**. It is impossible to discuss owner-occupation without also looking at council housing. For many of the advantages only exist, firstly, because council tenants have been denied them, and secondly, because governments have deliberately created special conditions for owner-occupiers. We briefly look at some of the advantages in relation to council housing.

Within the limits of their ability to pay owner-occupiers can choose what kind of house they want and where it is. Many council tenants would like this choice too, whether its a different house perhaps with a garden, or an extra bedroom or being able to move to another part of town. This could be achieved by a variety of measures — by increasing the council house stock, improving transfers and so on. There is no reason, given a commitment to the council house system that council house tenants should not have as wide a choice of housing as owner-occupiers.

Control overnight

Most tenants would like to be free to alter, adapt or make changes to their house. As well as being free to carry out any particular activities or hobbies. Whether it's planting a new hedge, knocking down a wall for a bigger kitchen or breeding pigeons. Freedom from a host of restrictions could be given overnight by a strong tenants charter and give identical control to that of owner-occupiers.

Moreover many people would like more control over what happens outside their house, whether it's in providing play areas or fences or getting quicker repairs or more frequent maintenance.



The financial gains to owner-occupiers are bought at a price. At the price of exceptionally favourable treatment given to owner-occupiers under the present tax and grant systems.

Owner-occupiers —

- do not pay capital gains tax (if they put their money into shares they would have to). Estimated tax loss in 1979-80 — £2000m.
- do not pay tax on the use of their house as they did for some 100 years up to 1963 (Schedule A tax) and as owners in many countries do. Estimated tax loss in 1979 — £1950m.
- receive mortgage tax relief. Estimated tax loss 1979-80 — £1,450m.
- benefit from all other government capital and current grants to the private sector. In 1978 this totalled £1400m.¹

A total of £6,800m and compares with subsidies of £1950m to council tenants in 1979-80.²

If owner-occupiers had to face the full financial demands of the market system unaided by central government there would clearly be far less owner-occupation today.

Public housing poses "the greatest challenge to the values of capitalism that this movement has ever posed", Speaker at Labour Party Conference 1978.

"Personal pride in ownership is the stimulation for and the natural instinct of someone who cares for what he owns. This will help to create a nation of families who are more responsible and who will thus live in a more stable society".
J Heddle, MP. 15 January 1980.

Many owner-occupiers make the financial gains as their house increases in price. This financial advantage is sometimes a key factor in encouraging owner-occupation. It is also in the overall interests of the private market that prices keep rising whether it means that the estate agents percentage fee increases or the private builder can make more profit on a new building scheme by selling at higher prices.

For the very rich the price of owner-occupation is no problem. However for thousands of owner-occupiers it brings problems of its own, particularly for working class owners and those on low incomes.

Big sacrifices

For many it can mean huge sacrifices. It can mean overtime, missing holidays and extra jobs. It can create the need to stay in work at any price to think three times before challenging the employer, to accept unsuitable jobs. It can mean accepting the space standards and cost cutting of speculative builders to gain what they call the 'dream house'. For many it can mean an old home with few amenities and which is costly to maintain or the possibility of seeing all your sacrifices wiped out overnight by planning schemes or compulsory purchase.

Record high interest rates mean that thousands of buyers are paying more and more but getting exactly the same. Increasing unemployment is endangering many buyers. Mortgage arrears are on the increase and evictions due to arrears are also more frequent. Eviction brings home the fact that owner-occupiers don't really own their homes at all until they have fully paid back their mortgage. Building Societies and local authorities can be ruthless with debtors and the pressure to stay on the payment treadmill can be enormous. And when the money gets tight repairs and maintenance are the first items to get cut — but that only stores up problems in the longer term (see page 17)

Organising difficult

Faced with these troubles the owner-occupier finds it hard to find allies. Owner-occupation isolates one individual or family from another and fragments working class interests. Owner-occupiers do face some of the same problems as tenants — high interest rates, rising building costs, land speculation — all of which push up the cost of housing. However the financial position of each owner-occupier varies greatly. Take a street of 60 houses, perhaps 20 Building Societies are involved as well as a couple of banks and an insurance company and the local council. Some people would own outright, others just starting, some finding it easy, others wanting an extension to the repayment period. These differences of interest make collective action very difficult to organise. For example, there have only been two recorded mortgage strikes in this country.

Moreover seeing their own house as an investment, owner-occupiers can feel threatened by their neighbours, by blacks, by gypsies, by council tenants moving nearby. These divisive and competitive elements of owner-occupation thus encourage families and individuals to withdraw into their home, to stay isolated. The home almost literally becomes a castle complete with drawbridge. This isolation, of course leads to political stability. It is not surprising therefore that all those who support our present social and economic system will encourage owner-occupation as a means to defuse protest, to reduce the demands for change.

WHY ALL SALES ARE

Having explained the political and ideological reasons why council housing must not be sold, we now want to examine the practical effects of sales. Those who advocate sales generally put forward practical reasons such as reducing public spending, or improving 'social balance', and often state that sales don't have any adverse effect on rents, waiting and transfer lists and so on.

In this section we examine all these issues and show that the sale of council housing and land will benefit only the better-off tenants. All remaining tenants and all those seeking a council house will have to wait longer and pay more for less choice and worse conditions. Every house sold will have a harmful effect.

LONGER WAITING AND TRANSFER LISTS

All those who support sales try to claim that sales have little or no effect on the waiting and transfer lists. They try to convince everyone that almost every buyer is a sitting tenant that would have spent the rest of their life in that house, and thus prevents no-one from using it.

"There should be no real loss in the availability of housing . . ."
L. Williams, Chairperson Building Societies Association.

"The central argument that . . . purchase would jeopardise the interest of those on the waiting list does not hold water", John Stanley, Minister for Housing.

"The sale of council houses does not hinder transfers",
Thatcher's private secretary.

However experience completely contradicts this and there is overwhelming evidence of how sales lengthen transfer and waiting lists:

Who buys

1 A recent Department of the Environment report claims the typical buyer is around 50 years old and would have stayed 1 there for life. However other studies show that:

- there is a large demand for transfers from middle aged tenants and particularly those reaching, or in retirement.²
- council tenants of all ages buy houses in the private sector each year eg in 1971, 66,000 did this.³
- many buyers are not this age. A study of the West Midlands showed 1 out of 2 buyers were in the 31-45 age group. 4 Whilst 69% of buyers in Oxford were 39 or under.

So while some sitting tenants may be in their 50s and stay put this is not necessarily the case for many buyers. Ironically the higher discounts may encourage people to buy council houses who might otherwise have moved to the private market.

Not all sitting tenants

2 Nor is it true that all buyers are sitting tenants. Many councils are also selling newly built houses and flats and relets virtually to anyone who will buy.

In Nottingham's case it meant that only 40% of sales in the first 2 year period (1976/8) went to sitting tenants, the other 2,000 houses went to a variety of buyers. TV Eye demonstrated just how easy it was to buy when a reporter got on the waiting list and had the keys to a house within 24 hours. 41% of sales of



"WHAT'S HAPPENING?"

"THERE'S A COUNCIL HOUSE COMING UP FOR RENT THIS WEEK"

newly built Greater London Council dwellings (1977-79) were sold to people not on the council waiting list (and at a £3m loss). West Norfolk is just one other example where a policy of hard selling and open door availability resulted in only half of 674 sales (1977/9) going to sitting tenants.

Lost relets

- 3 The loss due to sales can be calculated in two ways:
- Firstly, if a council puts new houses and vacant relets on the market, there is an immediate shortage for those on the waiting list or wanting a transfer. If say, 1,000 are sold in one year, this obviously means 1,000 households wanting to rent cannot do so.
- Secondly, if these houses were let they would all on average become available for reletting in the next 25 years (nationally about 4% of council houses become vacant each year). So another 1,000 households will not be able to rent them in the next 25 years. Similarly if these 1,000 houses had been sold to sitting tenants, whilst there would not be an immediate loss of houses to rent, there would still be the same loss of 1,000 houses to rent over a period of 25 years.

It used to be argued that you could only calculate a loss when a house was resold after the old 5 year pre-emption period was over (where if a buyer wanted to sell within 5 years, they must offer it back to the council first at the original price it was purchased) i.e. when the house was lost completely from the council's stock. However the pre-emption clause has disappeared in the 1980 Housing Act and now every time a house is sold it is clearly lost from the council's stock immediately and permanently.

Moving on

- 4 The 'sitting tenant staying put' argument completely falls apart as evidence starts coming in of buyers selling relatively soon after sales. Whilst evidence from Birmingham in the early

DISASTROUS

1970s showed that on average 1 in 25 buyers resold each year (after the 5 year pre-emption period) a recent Building Society survey shows a much higher rate. This shows that in the last 3 years 45% of those surveyed who bought council houses in 1972/3 have sold up, and in many cases moved on to better houses and better areas. 5

This rate of resale ties in with another Building Society survey which found that over a half of all home buyers now move within 6 years of buying.

With more council houses available, minimal restrictions and large discounts, it is clear that many people that can afford it will quickly try to exploit the market and resell.

Wait longer

5. Few council reports spell out the real effects of sales. A report by the Director of Administration at Wandsworth is one exception. As a result of the sales policy there will be "a very difficult period for allocation and letting. The situation for transfers and the waiting list looks very bleak". In fact in Wandsworth, it meant the total abandonment of the policy of transferring children out of tower blocks, increased use of expensive bed and breakfast accommodation as well as less accommodation for the waiting and transfer lists.

In other areas major sales drives have meant:

- a drop of 1,300 transfers per annum in Nottingham two years after the sales policy
- in Leeds the waiting list went up to 22,250 in July 1979

- in Bromley the waiting list increased by over 60% in the space of two years.
- In Stevenage 1972-75 at the peak of sales, the waiting list increased by 60%. 6

As a result of sales people living in clearance areas, individual unfit dwellings and the 1.1 million on the waiting list will have to **wait longer**. Homeless families will have even less chance of getting a council house. Even if a council is building new houses, sales of council houses **always** means that a council will have less accommodation overall.

Less choice

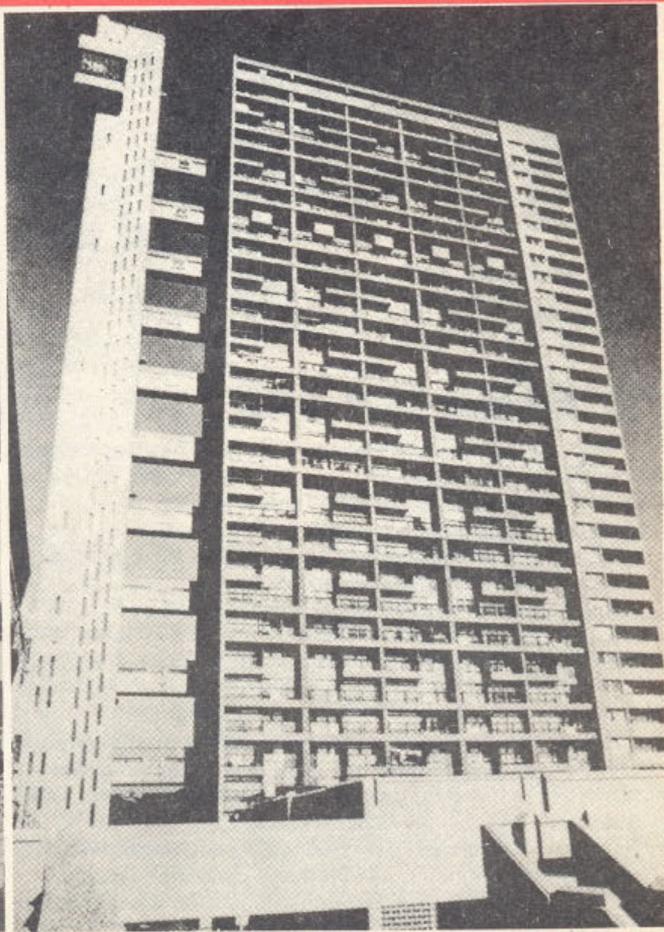
Not only do sales mean fewer houses but **less choice**. Since it is the **better** council houses which are sold then —

- families with children or the elderly in high rise flats
- families who are overcrowded
- those who need rehousing into houses or ground floor flats for medical reasons
- those who prefer houses to flats
- those who need a different size house or want to be near friends or relatives or work —

will have to **wait longer** on the transfer list because there will be fewer houses and a far more restricted choice of the kind of accommodation needed in a good condition and in popular areas.

Controlled sales!

Sometimes councils or the government have tried to appear more caring by policies of controlled sales. In 1968 sales in





Greater London, Manchester, Birmingham and Merseyside were limited to ¼% of their stock per year. This had little effect and was reversed by the Tories in 1970. In the same way Peter Shore, Labour's Secretary of State for the Environment stepped in to limit the sale of relets a few weeks before the general election in 1979 — and after thousands had been sold. Leicester, Edinburgh and Bromley have all had various policies of limiting sales whether its up to 50% in certain areas, 10% of the total stock, or up to 10% in specific areas. However all such policies have been meaningless sops since they are quickly reversed when the ruling group wishes or when the limit is reached. In any case sale adversely affects the waiting and transfer lists.

Increasingly 'limiting' sales, whether it's limiting the total numbers or limiting sales to certain categories of buyers, has become a policy of the Labour Party. As they abandon the arguments about whether sales should be allowed at all, the arguments simply concentrate on **how many** sales should be allowed.

Councils with aggressive sales policies often also pursue other sales policies which also affect the waiting and transfer lists. Selling off land, promoting partnership schemes with private contractors building for sale, switching provision to housing associations, cutting back on new council house building.

Effects in rural areas

In rural areas the situation is critical. Waiting lists could freeze for ever as a result of sales. Rural areas already have less council housing than the national average (23% opposed to 32%) much of it in villages or areas where no new building is likely to take place. The demand for country homes or second homes often means that local residents cannot afford to live locally unless there is council housing.

A study of actual sales in the Yeovil district of Somerset concluded "council housing could easily disappear (from villages) in the course of just a few years".⁷

Any sales are bad

Even if the waiting list stands at zero this does not mean sales should go ahead because —

- The sale of houses by itself lengthens a waiting list.
- The demand for housing is closely related to the amount of jobs in an area and local authorities have very limited control over what happens about employment. They cannot accurately predict what will happen in 5 or 15 years time. For instance Coventry Council in June 1972 confidently predicted the waiting list would fall to 3750 by 1976. In fact it had increased to 6300.
- Waiting lists are only one measure of housing need. Transfers and exchanges, the increasingly smaller size of households, the demand for jobs, population increase — there are many other important factors to consider, and these support the case against sales.
- It is generally accepted that waiting lists underestimate the demand for council housing. Many councils exclude certain groups from registering, many who are eligible don't know if they could get on the list or feel they have no chance of getting a house because lists are so long.

CREATES COUNCIL GHETTOS

There is a massive amount of evidence now that it is the better quality council houses which have been sold in the greatest numbers.

John Stanley, Minister of Housing, has tried to contradict this by claiming that Leeds has sold "a fair spread" of properties. Challenged to produce the facts, he has failed to do so. Not surprising when the evidence for Leeds is looked at together with other cities.

- In Leeds, outlying areas e.g. Moortown, Horsforth and Middleton where owner occupation is the norm have been most popular. Houses near parkland, green belt or close to good community facilities have also been popular. Moreover houses built when standards were high e.g. those in the late twenties, the 'Bevan' houses after the Second War and recent high quality developments, have sold far more readily.⁸
- In Birmingham a survey of 193 houses showed every buyer got a garden — whilst thousands of council tenants had no such garden.⁹
- A study of 5 West Midlands authorities found that sales "are selective of the most popular elements of the local authority stock-houses as opposed to flats and maisonettes and modern houses on attractive estates".¹⁰
- In Bristol between 1961-77, 17% of the council houses in the more popular Avonmouth and Shirehampton areas were sold.¹¹
- In Edinburgh an analysis of 691 sales showed that half of these sales were of the more popular terraced and semi-detached houses, yet only 5% of Edinburgh's public housing consisted of these popular types.¹²
- Only 16% of sales concluded by the GLC in the first two years of its 'sale of the century' have been in Inner London.¹³

Few flats sold

In contrast very few flats have been sold. In Birmingham out of 10,000 sales between 1966-75 only 4 out of some 44,000 flats were sold; only 3% of GLC sales between 1977-9 involved flats; in Bromley a pilot scheme for flats sales was abandoned due to lack of interest; in Newcastle only 2% of sales between 1968-75 involved flats.¹⁴

In Worcester a study of all sales 1976-77 found a "preference for structurally sound older properties in good condition, Other common features included a large garden, car or garage space and modernisation and rewiring".¹⁵

Many local authorities who sold many council houses in the past — Bristol, Cardiff, Leeds, Nottingham — have never offered flats for sale because of legal difficulties over responsibility for common areas and structural repairs, and because of the anticipated low demand.

High service charges

The 1980 Housing Act gives the right to buy to flat dwellers though sales will be far more complicated than for houses. Those buying flats will get a 125 year lease and will have to pay annual service charges which will include their share of structural repairs, lift and boiler repairs or replacement etc. In many inner city areas this will involve tenants continuing to pay approximately the equivalent of their existing rent as a service charge in addition to their mortgage repayments. There are hardly likely to be many sales in this situation. It will be predominately houses which are bought. So boroughs like Southwark and Wandsworth, with 85% and 75% respectively of their dwellings being flats now, will end up owning virtually no houses at all. The demand for transfers centres on the very houses which are getting sold, not on moving to flat complexes so it will cease to have any meaning in many areas. People will be trapped in flats.

Sale of entire blocks?

The sale of the "Piggeries" flats in Liverpool and an estate in Wandsworth to private developers are a very different type of council house sale. With few tenants wanting to buy flats in system built complexes or blocks with dampness and structural defects, local authorities may increasingly turn to selling off complete blocks or estates to private developers or housing associations — or alternatively offered to tenant co-operatives to try to manage and maintain.

In Southwark a survey on shared ownership showed that while 62% of council tenants said that they would theoretically prefer to be owner occupiers only 13% were interested in buying any council properties in the borough. Tenants wanted owner-occupation because they identified owning a home with having a house with a garden.

The repair costs of flats are generally higher than for houses and since only the council houses in best condition will be sold, the sale of council houses will result in the need for rent increases or higher subsidies to pay the higher repair costs per dwelling. This will help the opponents of council housing to return to the attack in a few years time and point to the increased costs and subsidies and the bad conditions of council housing and call for even more cutbacks and the expansion of private housing.

Worst estates left

The worst estates will be left. Council housing will increasingly be seen as welfare housing for the very poor, the 'disadvantaged', the elderly. The very last resort for those unable to buy concentrated in blocks of flats but kept to certain minimum standards in order to reduce the risk of militant action by tenants and workers. Already those supporting sales describe council housing as a failure of public intervention to provide people with what they really want. Paternalistic management, 'difficult to let' estates, poor environment are all quoted as proof that council housing as a system is vastly inferior to owner occupation. Therefore the need for sales. Yet as every house is sold and the good hived off from the bad, the poorer quality housing remaining will start to be seen as ghettos. The council housing system will be written off as a 'socialist dream' and 'proof' that only free enterprise can satisfy people's housing needs.

"Quite frankly, if we get merchant bankers living in Thamesmead we would regard that as an achievement!" . . . "Yes, we are firmly of the view that London has too many council houses, and we are trying to reduce it." George Tremlett, GLC Housing Policy Committee in evidence to the House of Commons Environment Committee, 19 June 1980.

HIGHER RENTS

Council house sales lead inevitably to higher rents. Whilst in the very short term most sales can help keep rents down, within a few years these gains turn to losses which will fall on other tenants and cause rents to rise. Even these initial gains are not necessarily guaranteed. They would be wiped out if councils replaced every 2 houses sold with one new house.

Effects ignored

Housing finance is a complex minefield and any look at the financial aspects of sales is relatively complicated. However what is absolutely clear is that governments and councils have supported large scale sales without any realistic assessment of the financial impact on local and national housing spending. Further proof — if any is needed — that sales are promoted for political and ideological reasons rather than on any sound economic analysis. Even if it was a fact that sales produced an overall financial advantage for all, considering all the other arguments against sales, the economic argument could never be a sufficient justification for selling off council houses.

Council tenants face 'biggest-ever rises'

By David Hencke,
Planning Correspondent

Britain's six million council house and new town tenants look set to face the biggest rent rises seen under any Government since public housing began.

from £7 to £14.30 in three years.

Internal papers prepared by Mr John Stanley, the Minister, show that servants at the Environment Department are

Guardian 29th August 1980

Some councils eg Southampton, Leicester, have produced some figures to try to show that they gain more than they lose by selling. These figures have been used as part of the sales propaganda. However in the last few years such arguments have been increasingly torn apart (see box). Claims that sales benefit "ratepayers, taxpayers and council tenants" have been totally undermined and the government was forced to hurriedly produce a report in January 1980 to try to counter the mounting evidence that sales cause large losses.



Few of these flats in Sheffield will ever be sold

What happens when a house is sold

The vast majority of buyers use a council mortgage. For example the GLC found that 15,000 out of 16,000 buyers between 1967-74 used council mortgages, the money they received from cash, deposits and where buyers had got a building society mortgage only amounted to 10% of the total sale price. Figures from Nottingham show only 4% of the total sales price was received in this way; one Department of Environment report calculates the national average to be 5%; figures from Leeds for 1976-9 say 9% was received this way. Clearly the major part of the income from sales is by means of council mortgages over an extended period.

City of Coventry YOU CAN OWN THE HOME YOU LIVE IN!

NO MORE RENT!

WE INVEST FOR FUTURE say ex-tenants

attractive

Details	Telephone 01827 22111	attractive
for full details of the advertisement	call 01827 22111	or 01827 22111
where telephone Coventry 01827 22111	call 01827 22111	or 01827 22111
and for conditions of sale	call 01827 22111	or 01827 22111

Sexist council advertising

Who gains and when

When a council mortgage is given to a buyer the council only needs to make a paper transaction. It doesn't have to borrow any money to finance the mortgage as it has already borrowed money to pay for the building of the house. So it simply receives the interest on the mortgage which it puts in its Housing Revenue Account (HRA) whilst using any deposit or capital repayments to help reduce its overall debt. Meanwhile the HRA continues to pay off its overall debts as normal. (Each local authority has a HRA into which rents, government subsidies and contributions from the rates are paid. The HRA then pays out the interest and capital repayments on loans it has had to build or improve houses, plus the costs of repairs and management.)

When a council house is sold, the council gains:

- interest from mortgage repayments which are paid into the HRA
- savings on management and maintenance costs

The council loses:

- income from rent
- subsidy from central government
- miscellaneous sums eg loss on empty houses, sales costs etc.

Central government gains by not paying subsidy but loses by having to pay mortgage tax relief.

Clearly the interest on a typical mortgage when it is first taken out far exceeds the rent income. So **provided** the house is not very new and attracting large subsidies and **provided** the council does not replace the house sold with a new one, it can expect initial gains. **But** these gains fairly quickly turn to losses.

The key factor to cause this is simple: whilst rents can be expected to rise over time (they have risen 2% above the inflation rate since the 2nd World War), mortgage payments

MASSIVE LOSSES

In the last few years there has been increasing evidence on the real financial effects of sales. Five studies stand out.

● Bernard Kilroy in *Roof* (May 1977) took the first serious look at Leeds Council's claim that they gained £1 million a year by selling 5,000 houses. Instead he showed how they would make a loss of £8 million at 1976 prices. The article looked at different types of houses and showed the process of early gains quickly turning into losses.

● J P Wilson of the Institute of Cost and Management Accounting in a very conservative study concluded that if inflation ran at 8% or more there were no gains to be made by sales.

● "Where Have All the Assets Gone" is the most comprehensive report available. It is based on a very detailed study of actual sales in Nottingham and discusses a wide range of assumptions.¹⁶

The report shows that selling over 5,000 houses in Nottingham from 1976 to 1979 means:

- the Council gains £1½ million each year for the first few years; such gains rapidly reduce to zero after 7 to 8 years after which the Council loses.
- the Council loses right from the start in selling new houses
- the total effect on local and national government is that gains are made for around 6-10 years depending on the house type but then losses are made. In the long term the public purse loses on every type of house.
- the total long term loss to the Council will be £75 million.
- the total long term loss to the Exchequer will be £2 million.
- long term losses on new houses can amount to £35,000 for each house.

- even if rents rise slower than they have since the war there will still be losses.

The report also shows that:

- plans by Nottingham's present Labour Council to sell 3,000 houses in the next 5 years will result in a £27 million loss.
- plans by the Government to boost sales will result in a loss of £1,200 million at 1977 prices for every 100,000 houses sold.

● In November 1979 the Guardian leaked an unpublished report prepared by the Department of the Environment during the last Labour Government's term of office. Many of the arguments are similar to the Nottingham report and Kilroy's study. It concluded that losses would range from £8,535 per house to £1,635 depending on certain factors.

● Faced with mounting evidence that sales cause losses, the present government has produced a report (January 1980), claiming that sales produced financial gains. A close look at this report shows many shortcomings. For instance it only considers what money comes into a local authority from sales and ignores what it still has to pay out on loans that are still outstanding; in their examples such a basic mistake makes a difference of £5,000 in a 20 year period in favour of their arguments! It assumes that 30% of the money from sales will come in immediately; all available evidence completely contradicts such a figure. It ignores Exchequer subsidy paid on modernisation and improvement thus distorting its calculations. The cost of building a replacement of the house sold is totally excluded. And so on. A careful reading of this complex document shows it is riddled with distortions. Ironically it even includes a table showing that council houses sold in 1970, after initial gains, are now making losses! ¹⁷

will not do the same. This is because the interest payments will be based on the sale price of the house, over time this becomes worth less and less with inflation.

For instance: if a house is sold for £7,500 (assuming for the sake of argument that the interest rate is 11% and stays the same) the council would receive £825 from the mortgage payments in the first year. Ten years later, if inflation had been running at, say 11%, the council would only receive income worth £290 at today's prices. 18

Thus, whilst income from rents will increase over time, income from mortgages will stay much the same and the real value of mortgage income will fall.

Long term effects

The most important financial disadvantage is the long term effect and its impact on rent pooling. Houses built up to about 1958-60 now produce a 'surplus' — ranging from a few pence to £3 or £4 each week. This is used to offset the much larger 'deficit' on new houses. But this surplus is lost when these older houses are sold off and the total housing costs are increased when more costly new houses requiring a larger deficit are added to the HRA. Subsidies will be larger than for the older houses but these will only offset part of the extra costs.

Rents will rise

So most sales can produce a short term gain, if no new house is built, which soon becomes a loss. With larger discounts, the income from the mortgage will be reduced even further and the initial gains will last for a shorter period.

Once the gains turn into losses the council will have to increase rents for all tenants or the contribution from the rates (which council tenants also would have to pay) or both. So whilst

some council tenants may become owner occupiers, other council tenants will have to pay for this to happen through higher rents and/or rates.

Rents also rise as a result of political decisions to force rents up irrespectively of housing costs in order to push people into owner occupation by making council housing much more expensive. The Tories did this with the Housing Finance Act in 1972 which was linked to the last boom in sales, and they are doing the same again. Rent increases of up to 50% (in addition to increases because of inflation) are being planned for the next three years.

INCREASES PUBLIC SPENDING

The sale of council houses affects both council and government spending. The only likely winner from council house sales is the individual buyer. Council tenants, taxpayers and rate-payers all lose as a result.

Government spending will increase because the amount of public money going in tax relief on mortgage interest will increase (this was estimated at £1,450 in 1979-80 — a 500% increase since 1969-70). 19

When a council house is sold the Government stops paying subsidy on the house to the council. However all owner occupiers get tax relief on the mortgage interest and this is usually much larger than the subsidy. For example the average pre-war council house sold in Nottingham's big sales drive cost £6,200, this meant the government saved £10 in subsidy but tax relief was £119 in the first year (it later reduces). On every Nottingham house built up to 1975 the government would



have to pay out more in tax relief than it saved in subsidies.

This tax relief would also be renewed and **increased every time the house was sold** while the subsidy to the local authority on that house would decline over time and would cease once the loan was paid off. But in the private market — the higher the market price, the bigger the mortgage, the greater the tax relief. In the long term therefore, selling council houses means an **increase** in Government subsidies to housing **without** increasing the stock of dwellings.

The council will have to borrow more money if it replaces those houses which have been sold. The average cost of a new council house was £27,460 in May 1980. Southwark Council have estimated that it will have to sell 13 to build 1 new house. Estimates from some other councils vary from selling at least 5 or more to be able to build 1 new one.²⁰

GREATER SOCIAL DIVISION

The idea of achieving a 'better social mix' is increasingly used to justify the sale of council houses. Politicians talk of achieving 'a better housing balance' The Building Society Association chairperson has talked of how new owner-occupiers will help to maintain a reasonable social balance within large housing estates. New Town Development Corporations are concerned about it and most planning reports mention it as a 'problem'. A number of points need to be made:

● There is no magic proportion of tenants and owners with different jobs, incomes and backgrounds which forms the right 'social mix'. It's nearly always used to get more middle class people into generally working class areas — rarely if ever the other way round.

● The Tories talk about 'social balance' when owner occupiers are involved, yet when the same people are council tenants in the same houses with the same income, they are 'featherbedded state scroungers'! Many private estates have reacted angrily to council tenants moving in.

● In many areas, e.g. Newcastle, Nottingham, councils have tried particularly hard to sell tenants those houses in private housing areas which councils acquired on an individual basis or whole estates bought to bale out private builders. It seems that it's perfectly alright to have owner occupiers in the middle of council estates but not alright to have council tenants amongst owner occupiers.

Only the tenure changes

● Council housing has tenants with a wide range of jobs, income, etc, and that's the way it should be. Offering some tenants the chance to be owner occupiers does nothing for 'social balance' — it only changes the tenure of the house. **Far from achieving 'balance', the sale of council houses will lead in the longer term to greater division because the better houses and estates will be creamed-off, leaving councils with the rest concentrated in inner areas or poor quality estates.**

● 'Social balance' is often used as a smokescreen in declining areas to cover up the fact that people leave these areas because of the lack of jobs, poor services and facilities, etc, not because they cannot **buy** a house. (Private builders naturally agree with such arguments because they provide 'evidence' for the need for more private housing.)

When the 'social balance' argument is used it only shows that the advocates of sales are desperately seeking justification for such policies — and showing the hypocrisy of their position.

LESS MOBILITY

Council housing is constantly attacked on the grounds that it restricts tenants' ability to move from place to place. This 'concern' is not an expression of consideration for the needs of individuals but with the need to have a mobile labour force to respond to the needs of capitalists i.e. more people to jobs rather than jobs to people.

Unemployed to move?

Thatcher has claimed that the unemployed should make more efforts to move and find jobs thus 'blaming the victim'. With increasing unemployment many people are less and less likely to find jobs even if they choose to move, assuming of course they can find a job elsewhere, and are more likely to stick with their existing job if it looks relatively secure.

Whilst a few years ago West Midlands evidence showed that mobility amongst established households who are owner occupiers and council tenants was about the **same**, between 4% - 5% moving each year, as we've seen owner occupiers are now moving more frequently.

Selling off council houses will only make things worse for all those who want to move. It can only **decrease** mobility and choice for tenants. Despite this the Tories are making big efforts to relax controls on sales and making a big play out of how this will increase mobility. However people move longer distances mainly for employment reasons but the Tories economic strategy is to ensure that there will be fewer and fewer jobs to move to.



It's the better houses which are bought

The old resale restrictions where those who bought at a discount had to offer the house back to the council at the original purchase price for up to 8 years after the purchase have been abandoned. All those who bought in the 1970's can now sell at current market value and repay the value of their discount on a sliding scale if sold within the first 5 years.

Sell to anyone —

Councils can now sell empty houses and flats at 30% discounts, again in the guise of aiding mobility, to **anyone** with a firm offer of regular employment in the local authority area or a neighbouring authority. This applies also to first-time buyers, those who have recently left armed forces accommodation, tied housing or those living in a slum clearance area. The motto is **sell anything to anyone at any price** — and to hell with the consequences for council tenants. Waiting and

transfer lists and mobility will cease to have any meaning for council tenants.

Unable to sell and move

Furthermore, shared ownership schemes are likely to restrict mobility rather than increase it. With a partial share in the property, tenants may be stuck with an asset which they cannot sell, or cannot get a price which will permit them to buy elsewhere. They will also not be able to use the councils' transfer scheme.

Greater mobility for council tenants can only be achieved by providing more and better council houses and improving the transfer scheme so that tenants have a greater choice when they wish to move.

STORING UP PROBLEMS FOR THE 1990's

The housing stock is in constant need of repair and maintenance, improvement and replacement because of the continuous wear and tear by the weather and by living in the dwellings. Modernisation and improvement of older council housing is now a permanent feature of councils' housing programmes. Many estates have already had to be demolished. Within the next 20 years most of the housing improved in the last ten years will be ready for further improvement or renewal. There will also be a further rapid decline in much of the high rise/high density schemes built in the 1960's requiring major improvement let alone remedy existing defects and repairs.

An increasing amount of disrepair is concentrated in owner occupied housing. The 1976 English House Condition Survey found that of nearly two million dwellings requiring repairs of over £500 (1971 prices) in 1976 four out of ten were owner occupied — a 42% increase in just five years. In London more than 1 in 4 semi-detached owner occupied properties now need repairs costing more than £3000. With council house buyers facing increased housing costs at a time of wage cuts and increasing unemployment the first thing that gets postponed, left undone, or temporarily treated is repairs and maintenance. Some councils are already concerned that they will have to 'rescue' dwellings which have been allowed to deteriorate. Furthermore the eventual renewal of estates will involve local authorities buying back the houses it previously sold in order to undertake clearance.

Consequently there is a need to **INCREASE investment in renewing and improving the existing stock and building to meet the demand for more housing. Retaining the existing council assets — houses, direct works and architects departments etc. for rehousing, reducing the waiting list, meeting the demand for increased space and better housing is an essential pre-requisite for effective investment.** What is needed is increased spending on bricks and mortar not on more subsidies and dole outs to the private market to offset the house price spiral and private profiteering.

The sale of council housing is pushed for short term political and financial gain but, together with the cuts in public spending, it is stockpiling major problems for the later 1980's and 1990's. The danger is that if sales continue at their present level of about 100,000 a year then more and more reliance will be placed on the private market for solving the crisis. Yet council housing was introduced precisely because of the failure of the private market to provide decent housing at reasonable cost for working class people.

THE SALE OF JOBS



The sale of council housing also means the sale of jobs. Those involved in processing sales in local authorities are selling their own and other workers' jobs because once housing and land is transferred to the private market all design, building, management, repair and improvement work is automatically done by private architects, private builders, private solicitors and the owners themselves.

Thousands of jobs will be lost

For every 100,000 council dwellings sold 2,000 permanent jobs in direct works and housing departments will be lost. This is offset only by the few extra temporary jobs involved in administering and processing sales. If private houses are built on previously council owned land intended for council housing then 30,000 jobs lasting for 3 years in architects, direct works and housing departments are lost from the public sector for every 100,000 houses built (assuming the council designed, built and maintained its own houses).²¹

Depots and depts closed

*"If you sell one property then you are not going to save anything on supervision and management. If you sell 500 then clearly you ought to be saving some. In costing terms it is one of the semi-variables that clicks over when you reach a particular figure. You say 'Right at that level we can now reduce. We can now close a depot at a further level.'"*²²

Sales are unlikely to be substantial enough to affect the 10,000 local authority caretakers who also have tied accommodation — unless of course the sale of blocks of flats and estates to property companies becomes more widespread. Caretakers are more likely to face increased work conflicts where a few tenants buy in a block and disputes arise over caretaking duties and council and private spaces.

The government has estimated that 50-60 extra staff will be needed at the Department of Environment and the Welsh Office in connection with sales. Any intervention by the Secretary of State against councils refusing to sell will also require additional staff although it is likely that most of this work would be farmed out to local estate agents and solicitors.

In keeping with usual practice with housing policies there seems to have been no assessment of the impact of sales on council staffing levels. Already there are 25,000 frozen posts in local authorities and 120,000 jobs likely to be cut if councils limit their spending to present Government targets for 1981-82. With compulsory redundancies hitting local government as well as industry any extra staff needed on sales will be transferred from existing duties.

Hiving off to estate agents

Hiving off sales work to local solicitors and estate agents in an attempt to cut council staff can backfire because the private sector has little experience of local government work and the complexities of council estates. The GLC tried this and ended up employing 15 more staff to supervise the work of private firms than it would have taken to do all the work within the council. One of the most obnoxious parts of the GLC's sales campaign, and which could be copied by some other councils, has been the offer of Xmas bonuses to staff in the Home Ownership Office based on meeting increased sales targets.

The sale of flats will involve housing staff in extra work due to the itemisation of service charges under Schedule 15 of the Housing Act 1980. It will involve the re-run of computer programmes and other schedules — much of the extra cost will be borne by council tenants or rate payers in general.

There have already been large scale redundancies in Direct Works and Architects departments as a result of the cuts and Tory housing policies e.g. the GLC has closed its Direct Works department and 700 architects are being made redundant, Merton has dissolved its architects department, Kensington and Chelsea council have changed the main part of its architects department into a private practice. **The sale of council housing and land will mean further closures and redundancies on top of those brought about by the cuts in public spending.**

Buy back council houses!

THE DREAM of owning a home of their own has become a nightmare for hundreds of families hit by redundancies and short-time working.

As the recession bites harder, many people who bought their council homes are appealing to their town halls to buy them back.

By reverting to tenant status couples can take full advantage of supplementary benefits and rent rebates.

As home-owners the unemployed qualify only for benefit on the interest they pay on their mortgage.

One of Britain's biggest landlords, Birmingham City Council, has already bought back 350 homes and is

with three children who had decided to sell back the three-bedroom semi they bought on a 100 per cent mortgage, after the husband's pay fell from £120 to £78 a week.

By **DAVID JACK**

Daily Express 15th September 1980

THE STATE AS A PROPERTY DEVELOPMENT AND ESTATE AGENCY

The setting-up of home ownership offices and special sales sections in local authorities adds the final touch to the local state becoming a full blown property development and estate agency. Local authorities already acquire and assemble sites, provide basic services, clear slums, build for sale directly or in partnership with developers, give large building and repair contracts to private builders and provide a mortgage and loan service. Now with the sale of council housing they become fully fledged estate agents as well. Of course, unlike property companies, the local authority does most of this work at substantial financial loss because it does all the unprofitable work, rarely charges the private sector the true cost, and carries the risk burden in expanding the private housing market.



It means "using the councils' staff in the housing, planning, legal, finance, surveyors and valuers departments who are spending an increasing proportion of their time creating the opportunities and conditions for private profit. This means fewer staff employed on other housing duties because of the strict cash limits and restrictions on local authorities employing more staff to fill existing vacancies." 23

The danger is that sales work becomes a permanent part of local government. More councils will be building for sale, offering and for private development, constantly selling off what stock they can and more and more public spending on housing will be going to the private sector. What has traditionally been known as **public service** will in fact become **private service**. Not only will council housing increasingly become a secondary service for local authorities but further redundancies are likely in architects and direct works departments.

Public subsidy

An example of the state as a profit subsidising developer and estate agent is the GLC's homesteading scheme in which people buy from the GLC vacant run down houses and do them up themselves. The GLC pays the interest charges on the mortgage for up to 3 years and the buyer spends the equivalent amount improving the house. After nearly three years of this scheme the GLC has sold 707 houses but this has needed a staff of 53, staff costs an average of £500 per dwelling, and the waiving of the mortgage interest is costing the GLC nearly £1m in 1980-81 alone. 24

The state also owns what is in effect Britain's largest multi-million pound property company — the Housing Corporation (and its wholly owned subsidiary the Housing Corporation Finance Company). With loans to housing associations now totalling £1,400m and yearly grants and loans from the government (£559m in 1979-80) the Corporation has put priority on developing shared ownership schemes and selling existing houses and flats at the expense of building for rent.

BETTER OFF TENANTS BENEFIT

For the vast majority of people *buying* means a large increase in *spending* for a home. Very few 'council' home owners pay less than tenants and the few that do pay less have usually bought their house sometime ago.

"Even with generous discounts", says Building Society Association Chairperson, "a council tenant purchasing his home can expect to have his weekly outgoings doubled and in addition, of course, he will also have to devote a fair amount of his own time and a certain amount of additional money for repairs and decoration". Surveys in Birmingham bear this out and not surprisingly it was tenants with higher than average household income who bought their council house. Mortgage repayments on sales in Wandsworth during 1979/80 were 2.81 times higher, after allowing for tax relief, than renting. In Southwark mortgage repayments have been calculated at up to over 4 times the rent on a wide range of properties. The Tories give the impression that the right to buy means almost anyone could actually afford to buy. This is totally untrue.²⁵



JOB OR NO JOB - WE'VE GOT TO BE A PART OF THIS PROPERTY OWNING DEMOCRACY!

Who can afford it?

Overall council tenants are less well off than owner occupiers:

- 44% of council tenants received either supplementary benefit or rent rebate in 1978. And around a further 12-14% were entitled to help but did not claim it.²⁶
- out of all households with no wage earner, in the same year, 43% lived in council housing and only 2% were owner occupiers with a mortgage.²⁷
- in the same year, 57% of the heads of household in council housing were bringing in under £60 per week, whilst only 11% of heads of household with a mortgage received this amount.²⁸
- The 1978 Family Expenditure Survey shows that the average income of council households is only 61% of the average income of owner occupiers purchasing properties in that year. And this large income gap is increasing.²⁹

So how many tenants can qualify for a mortgage? The average price of a council house in 1978 was £10,450 before discounts. At this price only 1 in 10 council tenants could have afforded to buy the average house. Even with 30% discounts only 3 in 10 could afford the price. This was in a year when mortgage interest rates 8½ - 9¾%. If they had been at present levels, even with 30% discounts only 1 in 10 tenants could have afforded to buy.³⁰

These figures do not include the income if more than one person is working and clearly extra income from other wage earners would allow more people to buy. So it is quite clear why the government has introduced family mortgages, 50%

discounts and is even considering paying mortgage interest and capital repayments for those on Supplementary Benefit (owner occupiers on SB normally get mortgage interest paid).

Even those who bought their council houses in the past often find the financial burden too much. Mortgage defaulting is increasing throughout the country. A report calculated that in 1976-77 18% of local authority mortgages were in arrears (this includes mortgages on properties bought on the private market). In March 1980 the GLC had 4174 (5.6%) of its home loan accounts in arrears amounting to over £800,000. Since 1963 the GLC has had to repossess 2500 dwellings and has lost nearly £1m in reselling because the sale price did not cover the debt. In 1980 Nottingham are getting 10 queries a week from people in financial difficulties with local authority mortgages, and re-possession cases are increasing.³¹

Give them away!

It has been suggested that selling council houses with large discounts or giving them away to tenants would help to redistribute wealth 'and break the cycle of poverty'. Firstly, any redistribution of wealth must come from a fundamental redistribution of earned and unearned income. Secondly, poorer tenants tend to live on the poorer estates so to give or sell them their house or flat does not achieve equality in any way. Thirdly, ownership carries with it financial liability for repairs and maintenance and many tenants could not afford this - we would be creating future slums.

Reaping the profits

Those who bought sometime ago can now profit out of the housing market. In 1973 an Edinburgh council house was sold for £5,460. Six years later it is being let as a holiday flat at £146 per week. In Wiltshire a council house was purchased for £16,500 one year and put on the market at £39,500 the next. These are real, if extreme, examples but they illustrate how individuals are increasingly reaping the profits of council house sales. Increasing evidence points to quicker sales and larger profits.

- The Anglia Building Society reports that the average purchase price in 1972-73 was £3,826, eight years later the properties average value was £15,302.³²
- In South Tyneside 10 houses sold in 1972-73 at an average of £3,421 were on sale in 1978 at an average of £11,495 - an average increase of 251%.³³
- A survey in progress in Nottingham is finding many buyers selling after only 2-4 years and reaping benefits of the recent house price boom.



Council houses now being resold in Nottingham

Although if a purchaser resells a house within five years the discount will have to be repaid on a sliding scale, the potential for individual speculation is increasing. Many councils feel that tenants will be 'persuaded' by those with a personal or purely financial interest to buy their council house and then sell it on the open market. The possibilities of huge profits at the expense of the public purse and other tenants are very real. Take the Hampstead council houses built for £50,000 each and valued last year at over £100,000. If a tenant was able to get a 50% discount and a finance company was to...

Of course there will also be many situations where tenants have bought but cannot resell either because local demand is low because of unemployment, astronomical service charges, or simply because it isn't a 'good buy' compared to other alternatives. Many will be stuck with an 'asset' they cannot realise.

DEVELOPING

We cannot fight the sale of council housing without putting forward alternative demands and policies. In this section we suggest a framework which should provide a useful starting point for this debate and discussion.

Need for real alternatives

There is a clear need to develop alternative policies and demands to not only stop the sale of council housing but also to achieve radical improvements in the housing system as a whole for council and private tenants and home owners. This has to be combined with increasing the supply and use of housing to eliminate the shortage and bad overcrowded conditions.

Many existing aspects of council housing are indefensible (eg bureaucratic and paternalistic management, barrack-like estates) so a call to "stop all sales", although a crucial demand, is, by itself, likely to get limited support. We have to go well beyond the traditional slogans and hackneyed phrases eg "crash housebuilding programme". We don't want more of the same.

The debate must be about what housing should be like and how we achieve it — its quality; the range of different types of houses and flats available for single people, families and groups of people; how amenities and services eg child-care, leisure and recreation facilities could be an integral part of neighbourhoods; how a local publicly controlled design, building, repair and improvement service could plan and build new houses and provide a wide range of services for all tenants and occupiers and provide secure good quality jobs; how the transfer and exchange of houses can be simplified and the costly middle agents eliminated; how forms of control and real freedom of choice can be developed without suffering financial burden.

This may seem far removed for tenants on grotty estates fighting to get basic repairs done, or building workers being forced by management to do cheap, makeshift repairs. But only by developing these alternatives can we get out of the straight jacket of conventional thinking where our ideals and aspirations are defined and controlled mainly by builders, bureaucrats and building societies.

The starting point

People active in all sections of the labour movement must be involved in thinking, discussing and developing these alternatives. The richness and relevance of ideas comes primarily out of struggles, working and campaigning together, and not from above or people being handed ready made programmes to support.

Unless this is done the Tories onslaught will further cement the ideology of private enterprise and exploitation, individual competition and ownership. Yet more ground will be lost and in the late 1980's socialists and socialist ideas will be further isolated. A substantial part of housing, in contrast to education, health and social services, is already well rooted in the private market. The Tories want to expand this still further.

These ideas and alternatives have to be developed free of the "there is no money", "we have to make sacrifices" propaganda of the Tory/Labour Governments. We must sacrifice NOTHING. Acceptance of these ideas — leading to smaller wage demands, lower standard of living, slashing the level and quality of public services — breeds apathy and defeatism. It is all a con; spurious arguments to hide the real facts, the real causes of the crisis, to dampen and reduce people's expectations, and to cloud debate about alternative ways of dealing with it.

A BASIC STANDARD FOR ALL HOUSING

THE HOME

- Sound structure, good quality materials and well maintained.
- Provide privacy and sufficient space inside and outside.
- Security of tenure and control.
- Low rent and running costs.

ENVIRONMENT AND SERVICES

- Good quality local services — child care, health, schools, transport.
- Easy access to jobs, leisure and recreation.
- Attractive area to live in.
- Wide range of different types of housing.
- Easy access for elderly and handicapped.

A FRAMEWORK FOR ALTERNATIVE DEMANDS

The process of developing alternative policies and demands in the labour movement has already been started eg National Tenants Organisation, Leeds Trades Council, South Shields Trades Council and Socialist Housing Activists Workshop. Below we outline a framework which could be useful in helping to work out alternative policies. First, however there are a number of important points which provide a starting point for developing alternatives.

- have to look at all tenures — council housing, housing associations, private rented and owner-occupation — and not deal with them as separate entities.
- have to tackle the whole concept of ownership, not ways of giving tenants a 'stake' but ownership under socialism — security, ability to change and exchange without profit and racketeering.
- have to examine the supply of housing — despite the propaganda there is still a housing crisis and its getting worse rapidly — and this must be based on meeting the demand for housing and not on the rationing mentality.
- the whole concept of need must be redefined based on people's full needs and demands, inadequacies of present conditions, and not the state's narrow definition of unfit and who is in 'need'.
- the level and quality of the management and repair service as well as the ideology and the structure of the service must be re-examined.
- have to work positively to counter the increasing divisive propaganda that the housing crisis is caused and made worse by 'problem families', blacks, immigrants, 'scroungers', the unemployed who refuse to move etc.
- have to avoid getting diverted by debates about who gets the most subsidy (see page 8). But it is important to examine the increasing ways in which the state is supporting the private housing market.
- have to examine not only how the quality of housing can be improved generally but also how a rise in the quality and amount of housing we 'consume' in the longer term should be best used eg more space, better materials, different types of housing etc.
- have to examine ways to eradicate all those who profit from the various stages of housing — landowners, financiers, builders, estate agents, solicitors etc.

ALTERNATIVES

TO SALES

There is money!

It is a myth that there isn't money in Britain to finance the public services and provide investment for industry.

For example:

- £5000m could be obtained annually by reducing tax concessions to big business, taxing the wealthy etc. ¹
- Pension Funds and insurance companies have a net inflow or nearly £10,000m extra each year to invest. ²
- Government revenue from North Sea Oil is estimated to total £44,400m between 1980-84. ³
- £3000m poured out of Britain overseas in the first 9 months of the Tories lifting exchange controls in 1979. ⁴

This would be sufficient to increase the Government's public spending programme by 40% annually for the next 5 years.

CONTROL

- of the home, how it is used, adapted and improved
- of the building, design, repair and improvement service by tenants, occupiers and workers to ensure a good quality, well run and efficient service.

RESOURCES

- ensure an adequate supply of land to build new housing and carry out redevelopment
- finance to build and acquire land at low interest rates
- ensure adequate supply of skilled labour to design, build and maintain the housing stock
- adequate supply of good quality building materials

CHOICE

- provide wide range of types and sizes of housing with choice of location and facilities
- freedom to transfer and exchange easily and at low cost

SERVICE ORGANISATIONS

- to control the supply of land, finance, construction and supply of building materials
- to maintain a good quality standard of service for tenants and occupiers in repairs, maintenance, management, house exchange etc. for all housing.

JOBS

- provide well paid secure good quality jobs with safe working conditions, good benefits and full training

The development of alternative housing policies cannot take place in a vacuum. The enclosed framework can also be used to develop alternatives in and between other services as well as health, education.

Alternative strategies

Although the sale of public assets would be stopped as part of the various Alternative Economic Strategies (AES) now being debated in the labour movement they remain at a fairly superficial level and provide little help in developing alternative housing demands. Essentially the various AES include increased public spending, import controls, state control of some multinational companies, reflation of the economy and a return to full employment, planning agreements with firms and an extension of industrial democracy.

It is not possible to go into a full debate on the AES here but quite clearly more public spending by itself is totally inadequate, further nationalisation will be of limited benefit, and without effective public control of the financial institutions (its the workers money anyway) little can be achieved. In reality the various AES so far, promise more of the same. We have to take the debate much much further.

There are however more fundamental questions about the AES eg the use of the existing state apparatus to implement it when the state to most people is oppressive, bureaucratic, employs many of the lowest paid etc; the mobilisation of workers, tenants etc only as an essential extra-parliamentary support to Parliament, the lack of recognition that business and right wing interests would fight back. What is needed is a radical alternative political and social strategy as well as an economic one.

Labour in government

The last Labour Government and many in the Labour Party are not against sales in principle. Several Labour MPs argued during the debate on the Housing Bill that councils should have freedom of choice on whether to sell or not. The Callaghan Government although in theory sought to control sales but never abided by it and allowed Tory councils to sell off at random. The Government also carried out a controlled sales policy in parts of Scotland — some councils with low waiting lists could sell up to a quota of houses. The Labour Government's Green Paper on Housing declared that owner-occupation was "natural and basic" and saw council housing simply as housing for the poor and as a stepping stone to owner-occupation. It had no alternative to sales. The Labour Party still doesn't — the main argument is over statutory sales, not the principle of sales.

Beware of diversions

Not surprisingly some councils may well come forward with superficial alternatives to sales or to 'placate' those not buying eg by setting up co-op and management schemes on estates. There are grave dangers in what might look to be 'progressive' proposals but they are likely to be a means of hiving off not the assets but the increasingly difficult management and maintenance responsibilities eg getting tenants to collect the much higher rents, deal with the massive backlog of repairs with less and less money. Ultimately they could be a smokescreen for doing nothing substantial about improving and expanding council housing, direct works etc. Yet they could give some tenants the impression they are in control whereas in reality they are simply letting the government and the council off the hook. We have to fight for control over the housing system as a whole.

ACTION TO

In the section we want to examine ways in which the sale of council housing can be stopped, delayed and reduced to a minimum. However this can only really be effective if it is combined with action by the labour movement to get radical improvements in the housing system as a whole.

Various strategies and tactics are suggested for trade unionists tackling industrial action against sales and for action by tenants groups, unemployed workers unions, pensioners groups and other campaigns.

Local and national

The suggestions for action in this pamphlet concentrate on campaigns against the sale of council housing and land. Obviously many of the principles and ideas can also be applied to preventing or delaying the sale of other public assets.

It is both a local and a national issue. Unlike the past few years when sales could be stopped by pressuring the local council, sales are now part of national legislation.

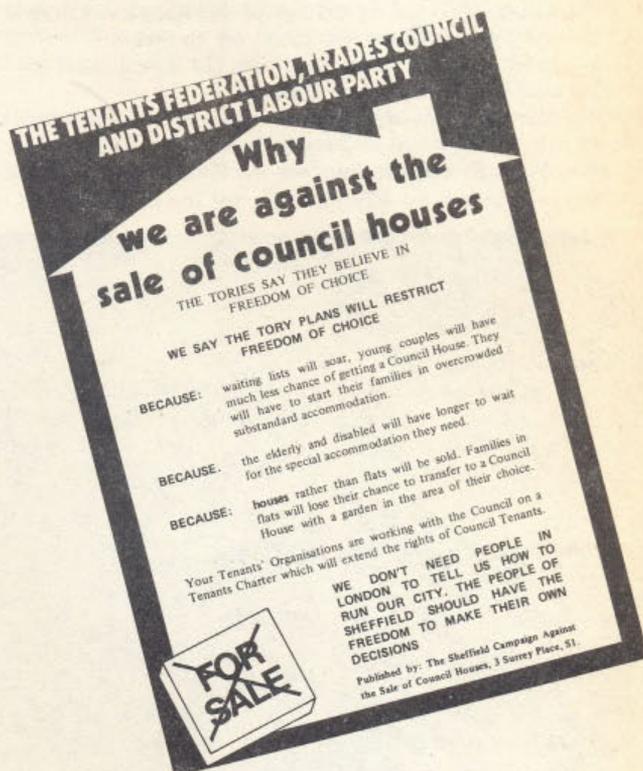
Before outlining various tactics a number of important lessons have been learnt in the past few years by campaigns against sales, cuts in public spending and by those fighting for more and better housing.

Lessons on which campaigns should be based

● The labour movement must organise, educate and agitate against sales irrespective of how many actual sales there are. We cannot afford to agree with the line "They're only selling a few, it will do no harm" or hope that "there won't be many sales because of the economic recession" nor to bank on the fact that the vast majority of council tenants cannot afford to buy. Such sales are only the thin end of the wedge — ways will be found to increase sales eg even larger discounts, mortgage grants, further massive rent increases, mortgage payments through Supplementary Benefits etc. We have to avoid being lulled into apathy or self-satisfaction because sales in your area are low — elsewhere eg the South East they could be much larger — that means reduced mobility for council tenants wanting to move to those areas. Also these sales will be used nationally by the Tories as part of their sales propaganda.

● It is primarily an ideological struggle — a struggle about ideas, economic and social relationships. It is a battle not just about housing in isolation but all the public services — who they are for; the level, quality and cost of the service; who runs them; ideas about the role of women, the family and the 'home'. Sales also have to be seen in conjunction with other housing policies — the virtual elimination of council housebuilding, large rent increases and the reduction of subsidies to council housing, the rundown of direct works departments etc.

● Not only is the sale of council housing integrally linked with other major policies but it is also a difficult issue to organise and campaign on in isolation; and is, by itself, very defensive — simply trying to prevent something from happening. For all three reasons sales should only really be fought as part of an offensive strategy based on demands about how council housing can be improved and expanded; how direct works departments can be retained and improved, and new demands about what kind of housing we want.



● It is a labour movement struggle — not simply a trade union struggle because it means loss of jobs in local authorities, nor simply a tenants' struggle because of the loss of good quality council housing. The sale of council housing affects the working class as a whole. Action must be geared at various levels of the labour movement at the same time eg through shop stewards committees, branches and at regional and national level in the trade union movement to get maximum co-operation and support to stop, delay and hinder the process of sales; through organisations in the local labour movement to support and pressure Labour controlled councils to take a principled and active stand against sales and to agree to buy back houses at the prices they were bought for plus a reasonable amount for inflation. It is also important that organised groups assist in organising those who are traditionally unorganised eg the homeless, those on waiting and transfer lists, drawing them into campaigns and if necessary, setting up new organisations like tenants unions.

● In fighting sales policies there is a great deal of potential for building effective local links between trade unions, trades councils, tenants associations, women's groups etc. This has to be based on the two-way basis where support is given in both directions. Any militant trade union action eg policy of non-implementation, non-cooperation can only be sustained with support from tenants, councillors etc.

● While alliances may be possible with some housing association workers where they are opposed to sales, it is important to ensure that other demands are raised eg housing associations taken over by local authorities, control and accountability of the association etc. Don't allow support

STOP SALES

simply to become a defence of jobs in housing associations and/or encouragement of alternative forms of tenure such as co-ownership, community leasehold.

● The fight isn't simply against the Tories, or Labour or Liberals — but is also against the building lobby, the financial institutions like banks, building societies, builders, estate agents, surveyors and solicitors all of whom have vested interests in expanding owner occupation and reducing the role of council housing. Housing struggles have so far failed to take any action against the private interests in housing but have focused on campaigning mainly against the local council. This is clearly inadequate when most of the resources — finance, land, materials, labour — for both public and private housing are under private control — and the Tories are seeking to increase this still further. New strategies and tactics are urgently needed and we outline some below.

● We have to avoid individualising and personalising action against those who do buy. While motives will vary (and will include self-interest, financial gain etc) it is also important to understand why people buy, the reasons and conditions which often push them into buying — and to expose those issues. With deteriorating repairs and maintenance service some tenants will argue that they have to do the work themselves, therefore they might as well own it. We have to get at the system and the ideology not the individual.

● We have to recognise and be prepared that tenants in some areas who want to buy may set up 'right to buy' groups if the council is resisting sales. These groups could well be supported and encouraged by local Tory Party, ratepayers groups, right wing business interests etc. They will have to be confronted both at the propaganda level and in direct action at their demonstrations etc.

Strategies against sales

There are basically three positions which councils will adopt —

- Labour councils committed and willing to take action to stop or minimise sales
- Labour councils giving 'rhetorical resistance' but making only token efforts to resist sales. Some Tory councils in rural areas may fall into this category and not much one way or the other
- Tory councils selling enthusiastically.

Mixed in this all are sales by housing associations. Charitable associations can sell but this depends on a policy decision by their management committee while non-charitable associations face the same situation as councils and new town development corporations. With housing associations already having higher rents than comparable council dwellings and having houses in older, often more attractive, areas and new dwellings clustered in small developments, a high level of sales can be expected in some areas.

To stop or hold sales to a minimum depends largely on trade unionists in the local authority, housing association or development corporation taking and sustaining industrial action. NALGO is the main union involved in sales with members in legal, valuation, technical services, housing, architects and the management side of direct works. UCATT is the main union in direct works along with TGWU, GMWU, NUPE, EEPTU: NUPE and GMWU cover caretakers and other estate workers. Sales involve crucial work in the housing, legal and valuation departments which often have a representative share of members with reactionary views and at odds with branch policy. Solicitors have to tread carefully to avoid action

by the Law Society for "unprofessional conduct". Remember that many of those being asked to take action are those workers involved in the estate agent side of local government — they work in the local property world and often share its views and ideas.

There isn't a long history of militant industrial action by NALGO — partly because local government employment has grown substantially in the last 20 years — up from 1.9m work workers to 3m between 1961-77. However local government unions do have substantial power to disrupt the private sector as well as local government itself. Action taken or threatened by NALGO during the 1980 pay negotiations included:

- ban on handling rate demands and collection; withdrawal of computer staff virtually stops all money in and out of the council
- stopping payments to builders and other firms with council contracts
- disruption of butchers meat and meat inspection
- stoppage of air traffic controllers and local authority owned airports
- withdrawal of union money invested in loans
- rent collection disrupted and rent increases halted

But militant action has to be built and worked for — it can't simply be imposed. Most NALGO branches will not take such action easily.

Compulsory redundancies

The situation in local government is changing fast. Local authorities can no longer make cuts by leaving posts vacant — large scale compulsory redundancies will take place. Some direct works and architects departments have already had redundancies and closure. Many officers are against the new Housing Act and local Government and Planning legislation



because it is taking more and more control away from them to central government.

The crucial question is whether this situation will push the unions into a total defence of jobs irrespective of the policies, social usefulness and longer term employment effects, or to raise these questions as part of a defence of jobs. For example the sale of council housing involves additional work for valuers and architects (doing valuations, surveys and plans of properties) which are the very departments hit hard by the cuts in the housebuilding and improvement programmes. These departments are likely to grab whatever work they can irrespective of other considerations. The level of unionisation in housing associations varies enormously.

So it is a complex, confused and varied situation — a classic divide and rule. Above all this is a Tory Government which has taken precautions to make the Housing Act as watertight as possible.

Government powers

The Secretary of State has power (Section 23 of the Housing Act 1980) to:

- intervene to directly take over the sale of houses from a council, development corporation, housing association, co-op etc. when tenants have difficulty "in exercising the right to buy effectively and expeditiously". Once a notice of intervention is given any action by the landlord becomes invalid
- do anything which is necessary to enable sales to go ahead and set up new procedures etc if necessary
- has power to order any officer of the landlord to produce any document or supply any information in connection with sales, regardless of any instruction from the landlord
- can retain any mortgage repayments but does not have to pay any interest accruing on this money. Can also charge the council all the costs of the intervention and carrying out of sales
- can issue a 'vesting order' which is a document which effectively avoids the normal conveyancing procedure and gives a purchaser title to the property.

Law of the land

In addition to all this the official Labour Party line is to firstly follow 'the law of the land' and then do anything possible to frustrate sales. This in effect means selling. Many local Labour Parties are however, prepared to go well beyond this token position. Crucially the Labour Party hasn't any real alternatives to sales — 'radical draft manifesto's' are just more of the same.

We cannot have a situation where Labour councils are resisting sales on the one hand but continuing the paternalistic and bureaucratic control of housing and rationing mentality on the other. Support for Labour councils opposing sales will only be forthcoming if there is recognition that fundamental changes are needed within council housing, that a lot can be done locally despite the cuts eg complete security of tenure, involvement in planning and design of estates, commitment to direct works and an improved repairs service,

and that the only way to fight the cuts and reductions in standards is through the broad labour movement.

Aims of action

Faced with this overall situation what strategy should be adopted. The following aims must be acted upon together:

- to ensure that sales are, and remain, a political issue — not a legal, administrative or local government issue but one for the whole working class movement, along with the sale of other public assets.
- to sell as few as possible by trying to minimise the demand (ie people seeking to buy) through persuasion and propaganda; and by delaying and frustrating the process of sales.
- to build towards a complete stoppage of sales where this can be organised and supported.
- to develop a programme of action to implement improvements in council housing and direct works based on tenants and workers demands.

Outright stoppage at the start of sales will be very difficult because little work has been done nor the issues discussed in any detail in the unions concerned. Even if industrial action was possible, it is unlikely that there would be any significant organised support and practical help from tenants associations and the rest of the labour movement mainly because of lack of preparation and ideas about how support could be given.

The powers of the Secretary of State means that the labour movement has to work together because the Act states that officers and not councillors are bound to co-operate with documents and information, then the unions will seek council support. NALGO's position is that they will do what individual councils order them to do — otherwise they will follow the law. They will also want assurances from councils that they will have their financial support (against court action or the District Auditor) if action is taken against individual officers.

The government is unlikely to intervene and take over sales lightly. It is more likely to apply pressure to officers and councillors first and to allow time under the "as soon as practicable" stages of sales in order to prevent any counter action against intervention on the grounds that the government was acting unreasonably, Government directives will do through the Chief Executive. If officers refuse to give documents to the Secretary of State then the government could get an Order of Mandamus from the court — refusal to comply will mean contempt of court — consequently most Chief Executives and Directors of Departments will try to ensure that the information is supplied.

If the government does intervene then this will involve sending in regional Department of the Environment staff and/or using local private estate agents, solicitors and surveyors. This coupled with the vesting orders procedure could ensure that sales go on, even if slowly. To stop and delay sales in this situation is going to require all sections of the labour movement working closely together using many of the tactics outlined below. This level of co-operation and resistance cannot be achieved overnight.



Action to delay and stop sales

Action which can be taken (or demanded through the Labour Party) by local authorities, New Town Development Corporations and housing associations opposed to sales.

- Publish and publicise anti-sales information — leaflets, posters, adverts in newspapers, local radio — and sent to all tenants. Special efforts will have to be made on estates where sales are most likely to occur and to counter all the letters and leaflets being distributed by the Government and the Housing Corporation. The Government is initially spending £1m on publicity and are using advertising agents Doyle, Dane and Bernbach.
- Refuse to advertise sales locally, display government leaflets or posters in council departments, housing aid centres, or any council notice or display boards.
- Refuse to sell any relets, vacant property or housing under construction or being improved (discretionary sales).
- Refuse to give mortgages on resale to a second buyer. This may deter some people from buying because they might not be able to resell — the second buyer would have to go to a building society or bank for a mortgage and have a substantial deposit as 100% mortgages would not be available.



The financial institutions dominate more than just the city skyline

- Send as many applications as possible to the Secretary of State for exemption from sales because they are housing for the elderly. The Act is very specific — the dwelling has to be "designed or specially adapted for occupation by persons of pensionable age and that it is the practice of the landlord to let it only for occupation by such persons". (Schedule 1). But exemption from the right to buy can only be gained if the landlord, within 6 weeks of receiving a right to buy notice, applies to the Secretary of State. Mass applications with little information could cause big delays as Department of the Environment regional staff or estate agents seek more information or carry out inspections.
- Ensure the highest possible valuation for each dwelling and refer all cases, and make representations, to the District Valuer — this will also cause delays.
- Wait the maximum length of time in fulfilling obligations under the different stages of the sales process — interpret 'as soon as practicable' to be as long as possible.
- Refuse to finalise completion of a sale, after the price and mortgage have been agreed, until forced to do so by the tenant obtaining an injunction.
- Refuse to employ or transfer extra staff to deal with sales.
- Withdraw co-operation, zoning agreements and refuse any further loans or sale of land to charitable housing associations which agree to sell.
- Other action against housing associations could include go-slow in dealing with planning applications, increased monitoring of their management and other activities.
- Ensure high service charges as a deterrent to those buying flats — buyers will have to pay for their share of services,

structural repairs and maintenance, insurance and the landlords costs of management.

- Try to impose as many covenants and conditions as possible in the sale of flats (Schedule 2) to cause delay through long negotiations and retain maximum rights for existing tenants.
- Ensure the inclusion and implementation of all covenants imposing conditions on resale in rural areas.
- Refuse permission for access onto estates by private surveyors, estate agents etc to carry out surveys, inspections etc.
- Ensure that information on which houses, estates are sold, the financial effects of sales, general information of mortgage defaulting etc is publicised and made available to tenants and trade union organisations.
- Set up a co-ordinating committee consisting of councillors, trade union representatives from the unions and departments involved in sales, trades council and tenants associations or federation to meet regularly to monitor tactics and plan new ones.
- Support action by officers against sales, issue clear instructions about council policy, and support and indemnify unions and individual officers if any action is taken against them by the government, District Auditor.

Action by trade unionists

Action by trade unionists against sales (and as part of the wider fight against the cuts and supporting improvements in council housing) could include —

- refuse to cover vacant posts (official NALGO policy).
- refuse transfers of staff to sales sections.
- impose a work-to-rule and overtime ban on all work connected with sales.
- government requests for information on sales should end up on desks of frozen posts.
- blacking of work on sales including processing of applications, surveying, arranging mortgages, conveyancing etc.
- refuse to co-operate in any way with private firms or Department of the Environment staff undertaking valuation, surveying and conveyancing work.
- withhold payments from builders and contractors doing improvement work on houses to be sold and those brought in to do repair work blacked by direct works.
- workers in direct works/housing maintenance could refuse to carry out any outstanding repairs on houses or flats being sold, refuse to board-up, repair and decorate any vacant houses being sold, and on new maintenance work eg repainting of estates, impose selective work ie on those dwellings not being sold.
- caretakers could refuse to service parts of blocks of flats where sales take place.
- refuse no compulsory redundancy agreements, re-grading and/or special payments which are tied to co-operation on sales or the work of vacant posts.
- implement industrial action immediately should management take disciplinary action against any member involved in action against sales and cuts.
- enforce closed shop agreements wherever possible to prevent new staff being taken on for sales work and being non-unionised or in a weaker union.
- interpret blacking, no cover, no co-operation instructions as rigidly as possible.
- bring in the whole question of the sale of jobs, cuts, resources, and socially useful work as a legitimate and integral part of pay and conditions negotiations.
- implement health and safety legislation and other working condition agreements to stop union members being posted to mobile caravans, huts etc set up as local sales offices on estates.
- raise the issue of sales, loss of jobs etc as part of any industrial action over pay, conditions, disciplinary disputes etc. If selective industrial action is planned then choose the sales work.
- support action by trade unionists and users in other services and industries where public assets are being sold.

The attitudes of government and local authorities on the sale of housing and land cannot be separated from attitudes and policies on cuts, redundancies and other policies in housing, social services, education etc. Therefore it is important that trade union action is based upon –

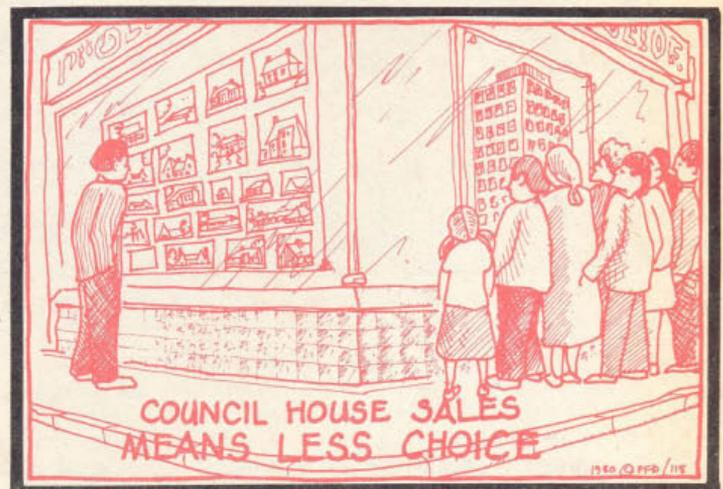
- electing shop stewards and forming shop stewards committees
- setting up joint shop stewards committees within the local authority and combine committees either between councils or particular departments eg a combine of direct works shop stewards committees in an area or region.
- call regular workplace meetings to discuss action, managements response and keep members informed.
- impose discipline on those who co-operate with sales, cuts etc.
- set up regular meetings with tenants associations and federations, trades council representatives and other campaigns to discuss joint action.

Action by tenants groups

- Tenants associations, nursery campaigns, pensioners groups, trade councils and other campaigns have a crucial role to play in pushing out information **regularly** explaining the political and economic effects of sales through leaflets, newsletters, posters. Discuss the issues in meetings – there may be conflicting views but it is an issue which cannot be swept under the carpet. Work with other organisations to get information on other estates which aren't organised.
- Actively support trade union action on sales eg help prepare leaflets for workplace distribution and ensure they reach all council offices and depots, ensure full representation at meetings and pickets, pass and publicise resolutions in support.
- Press for joint meetings with union representatives and councillors to co-ordinate action.
- Constantly raise the sale of council housing as part of other campaigns on rent, repairs, dampness, community facilities etc.
- Picket local sales offices and those leafletting and canvassing for sales on estates.
- Be prepared to take on any 'right to buy' groups which may be organised. If the council and/or unions are stopping or delaying sales the Tories, ratepayers and business groups are likely to organise counter campaigns.
- Develop proposals for the improvement of the estate – a list or charter of demands and get tenants to sign a pledge not to buy. Remember that sales can be divisive, like withholding of rent, between tenants and within households. Make sure as many people as possible are involved and know what is happening.
- Prevent divisive action against individual households who might buy.
- Campaigns should not attempt to get hundreds of tenants to apply to buy to clog up the processing of sales unless they have the resources to fully explain the tactic, why it is being done and later ensure it doesn't backfire with more people buying than would otherwise have done.
- Organise for homeless families and individuals, with priority given to those who have to live and work locally, to take over empty houses and flats up for sale.
- Fight pressure to transfer tenants or seek eviction orders so that the council can sell 'desirable' properties (there are now 13 grounds on which a court can give a landlord a possession order eg nuisance or annoyance to neighbours, rent arrears, neglect of the dwelling or common areas, tenant has more space than is 'reasonably required' – Schedule 4).
- Demand that tenants moving temporarily due to improvement or major repair work have a contract from the council to return to their houses, if they want to, to prevent councils selling on the open market after completing the work. May mean that some tenants will

argue for lower level of improvements in order to ensure they remain in their houses while the work is carried out.

- Use the District Auditor procedure to get information on sales eg Nottingham Housing Action Group, but don't get bogged down in proceeding with a case because it is very time consuming and unlikely to win.
- Claimants Union and Unemployed Workers Unions could campaign against any changes in Supplementary Benefit made to ease the financial burden of the unemployed buying council houses at a time of major cuts in other benefits. They have a role in discussing with members and the wider public that these policies cannot be considered as 'redistribution of wealth' or 'ripping off the state' and therefore 'good'.
- Pensioners groups and campaigns should be on their guard against councils trying to move pensioners out of housing so that they can sell it. This could involve giving advice to pensioners receiving pressuring letters from the landlord and fighting court action and evictions if necessary. Should also be wary of exploitation by members of their family or friends clubbing together to buy on their behalf.
- Organise Transfer Action Groups of those on the transfer list to publicise the effects of sales, families stuck in blocks of flats etc and to argue that all new dwellings and relets of houses and ground floor flats be allocated only to those who undertake not to buy.
- Tenants Unions could be formed as a means of trying to organise the traditionally unorganised eg private tenants, those on the waiting list, the homeless to breakdown the isolation, campaign for more council housing to rent and support action against sales.



Action against the sale of estates and land

NALGO is not opposed to build for sale schemes so it may be even more difficult to oppose the sale of land and use of private builders in these schemes. With increasing membership in housing associations sales to them may also be difficult to oppose. However, with both the sale of land and entire buildings or estates, the Secretary of State cannot intervene to legally force the sale as under the right to buy individual dwellings. This does mean that industrial action could be more successful and sustained for a longer period. Action to prevent the sale and/or deter prospective purchasers could include:

- Organising full use of all houses and flats on the estate
- Organise withholding of rent and rates
- Find out who prospective purchasers are and take action against them – a well organised tenants organisation can be seen by developers and investors as a deterrent in itself.
- If houses or flats are empty then the direct works, cleansing and engineers departments could refuse to collect rubbish, carry out repairs, boarding up, street repairs and lighting etc.

- Picketing of the estate to control access eg refuse access to anyone in connection with the sale.

Tackling private capital - new strategies

We have stressed that any action against sales has got to be based on campaigns to expand and improve council housing and the housing system as a whole. As part of building effective local and national tenants campaigns and liaison with other organisations in the labour movement we must:

- explore ways of organising home owners around specific housing issues
- build other new housing organisations eg Tenants Unions and Transfer Action Groups as noted above along with city wide campaigns.
- take action and make demands **directly** against the various elements of the private market
- expose the increasing role of the state in supporting the private market.

Housing struggles in the past have concentrated action at council meetings and departments and participated in government public inquiries. While this action has to continue we have to **add** a second dimension to housing struggles — to **directly** confront the private interests so embedded in the provision and control of housing. This means challenging their power and getting people to understand exactly who is responsible. It means directing action at building societies, banks, builders, insurance companies etc. Action must not simply be concerned with defensive demands but also a means of publicising and building support for radical improvements. Action could include:

- Direct action, demonstrations, picketing and leafletting at building society offices, banks, contractors offices and sites, insurance companies, pension funds, the national bodies of business and professional interests eg Building Societies Association, National Federation of Building Trade Employers, estate agents, solicitors and so on (also their annual conferences, general meetings, trade exhibitions).
- Organise a withdrawal of accounts and boycott campaign against the banks (eg Trustees Savings Bank and William and Glyn's Bank both giving mortgages for council house sales) and building societies. Such campaigns could have substantial publicity value even if the economic impact is small. At the end of 1978, 3.8m council tenants had £4,400m invested in building societies!
- Organising action groups of members of building societies within particular societies raising questions and demands about policy, control of the society, the quality of housing on new private estates. This could include attending annual general meetings (normally anyone with about £25 in their account can attend), stalls at exhibitions and other events eg Abbey National often has stands, and linking these groups to existing campaigns and federations.
- Organise similar boycott of solicitors, surveyors and estate agents (working with the council on sale or involved in harmful property development schemes) by members of trade unions, tenants federations and other organisations.
- Mortgage strikes may become a bit easier to organise — there will be areas where groups of people will at least have a mortgage from the same source — the local authority.
- Demand action by the council against defects by building contractors. Expose much more widely, possibly through a workers inquiry or investigation, contractors shoddy work, overspending and failures to complete schemes. Draw up a blacklist and keep an up-to-date dossier.
- Set up a working group, either through the Trades Council or tenants federation, to draw up proposals and demands on new housing sites eg in slum clearance areas — the type of housing, quality, facilities, who will build it, phasing etc. Could include tenants and trade union

- representatives along with building workers, architects. Tenants and building workers in direct works should jointly work to demand that **all** maintenance work is done by direct works to eliminate all subcontracting, for the council to set up its own joinery and other workshops, and give a commitment to retain and improve the direct works department eg Sheffield.



The debate about alternative demands could be taken further by:

- Workers and Residents Housing Plans which also can be a useful means of linking the producers and users of housing, investigate the resources available to improve all aspects of the building and improvement of housing, and increase worker and tenant control over the design, production and use of housing.
- Organise educational workshops and courses bringing together representatives from different organisations eg day-long workshops on Tyneside to discuss what we want from housing.
- Set up trades council housing/planning subcommittees to co-ordinate action, raise housing issues with the industrial unions eg Coventry, South Shields, Leeds, Edinburgh.

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