

Securing the Future of Council Housing



In a new report '*Securing the Future of Council Housing*', 20 large Council landlords say: "the costs they need to maintain their council homes outstrip the income they have to pay these costs."

Defend Council Housing welcomes this alarming Report. It sets out the threat to the future of council housing from under-funding of housing revenue accounts (HRAs). The Local Government Association estimates Councils will have HRA deficits of £3 billion over the next ten years.

Securing the Future for Council Housing calls on Government to

- Give stock-owning Councils a one-off payment of £644 million to compensate for the difference between increasing costs and rental income
- Reopen the 2012 'debt-settlement' (when the new 'self-financing' system was introduced) and readjust the 'debt' allocated to Councils

- Introduce a 10-year rent settlement
- Reintroduce 'rent equalisation'
- Invest in a new Green and Decent Homes programme "to meet the government's climate, housing and growth objectives", "on a similar scale to the original Decent Homes Programme"
- This should "commit to providing this £12 billion over the next five years" to cover the cost of bringing all homes up to Energy Performance Certificate (EPC) Rating C, addressing fire safety issues and meeting the original Decent Homes Standard. Provide £23.5 billion capital funding for decarbonising existing council housing.
- Reform Right To Buy to cut the loss of homes and allow councils to use receipts as they wish.

DCH says:

Debt cancellation

When Council housing finance was reorganised by the Government in 2012, the new 'self-financing' system redistributed the combined existing housing debt between local authorities.

Defend Council Housing and a range of other organisations including the Local Government Association, called instead for debt cancellation. Tenants had paid more in rent than the outstanding debt for previous house building programmes. In the 25 years to 2008 council tenants paid into



central Government £91 billion in rent, and in return Councils received ‘allowances’ of £60 billion.

We think the time has come to press the Government again for debt cancellation, which would end the historic robbery of tenants’ rents, and release an extra £1.3 billion a year to invest in existing and new council homes.

Decarbonising council housing

Councils are right to call for government funding, without which existing stock will not be decarbonised, destroying any prospects of achieving net zero.

Right to Buy

Restricting eligibility for Right ToBuy would be an improvement on the status quo, but the easiest way to stop the loss of stock would be to end RTB, as the devolved administrations have done in Wales and Scotland.

Oppose ‘Rent equalisation’

We oppose any return to ‘rent equalisation’. This would be designed to introduce above-inflation council rent increases.

When previously imposed, rents were driven up towards housing association rent levels (in part to try and overcome tenant resistance to privatisation of council housing stock through ‘transfer’ to housing associations). Rent increases were way above inflation and increases in earnings.

More recently, it has been shown that for many tenants (especially but not only those on district heating networks) combined rent

and service charges have increased beyond affordability. Some tenants face eviction because they cannot pay service charge increases of sometimes 200% or 300%.

What we need today is a commitment that above-inflation rent and service charge increases will end. The existing Tory policy of CPI+1% should be abandoned.

Risk to tenants

Without central government funding HRAs sufficiently, Councils will not be able to maintain and renew existing housing, never mind fund a renaissance of council house building. The choice for the Government is “between increasing rents significantly, providing capital investment, or exposing tenants to intolerable safety and health risks.”

But significantly increased rents and service charges and intolerable health and safety risks are already a reality for many tenants.

Further rent increases will impoverish more tenants and drive up the housing benefit bill. Failure to deal with health and safety risks will undermine the future of council housing and increase the outrage of unacceptable living conditions.

Work together to demand change

Providing the capital investment on at least the scale proposed by Southwark Council and others in this Interim Report, is a necessary first step. We are keen to work with these and other councils, and with tenants and trade unions, to this end.



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