

After Grenfell: Municipal homes for the 21st Century

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This talk is mainly about looking forward, but before doing that I want to look very quickly at where we are now – and why. The Grenfell fire was an appallingly predictable and predicted tragedy. It could be seen as standing for all that's wrong in UK politics. Around eighty people are dead and many more are traumatised for life; but Grenfell is responsible for only a fraction of the casualties caused by the UK (and today especially the English) housing system.

The public enquiry will look at the immediate and specific details of the Grenfell disaster, but not at the systemic catastrophe resulting from almost forty years of neoliberalism. If this is not addressed officially, then it must be done by others – by us the people - or there will be more tragedies, both spectacular and endemic. The memorial service in St Pauls will provide a façade of caring – ironically in the heart of the City of London – and things will go on as before. Even now, after all the public outcry, over 150 households are still in temporary accommodation, and the Government is refusing to help councils upgrade their buildings to fire safety standards

Property speculation continues to run rampant, making large parts of the country, and especially London, unaffordable for all but the rich. Social housing has suffered persistent attack – beginning with the Right to Buy and deliberate under investment. More and more people - especially the generation who are setting up home and starting a family - are being forced to rely on insecure poor-quality private renting, often in homes that were once publicly owned.

And there have been a succession of schemes to introduce market mechanisms and priorities into the remaining social housing sector, including giving preference to increasingly commercialised housing associations over council housing, handing over public services to arms-length management organisations, and all kinds of public private partnership, producing the sort of unaccountable web of subcontracting we saw at Grenfell.

Theresa May's announcement of a few new council homes obscures the reality of homes lost to the public sector every day. It can be compared to trying to fill a bath with a dripping tap and with no plug. Meanwhile, Universal Credit is creating a nightmare of rent arrears and potential evictions that threatens to overwhelm the already embattled social housing sector as well as the families immediately affected.

It is tempting to describe all this as mad; but it is only mad from the perspective of a rational society. From the perspective of neoliberalism it makes perfect sense. All these things maximise the potential for making a profit – more specifically, a short term profit. Neoliberalism prioritises the freedom of the market, reclassifying it simply as ‘freedom’. And who can be against freedom? But this is freedom to exploit. Neoliberalism has taken control by portraying the market as ‘natural’, the way things are, human nature as intrinsically selfish: in the words of Gordon Gekko in the film *Wall Street* ‘greed is good’.

The emphasis on the free market doesn’t mean no government intervention. *Social democratic* governments intervene to counter the worst inequalities of the capitalist system – effectively saving it from itself as well as creating a more liveable society. *Neoliberal* governments facilitate market forces. This doesn’t only mean getting rid of regulations – including crucial building controls – and privatisations of public assets, of which the Right to Buy was the biggest of them all. It also includes active support for private wealth creation through schemes such as government sponsored regeneration – or gentrification. And it includes protecting business by controlling popular resistance. The not-so hidden hand of the market is paired with an iron fist.

Neoliberalism promotes the commodification of everything. Houses are no longer homes, but commodities to be bought and sold (and sometimes rented if the maths work) for profit. This is not socially, ecologically, or politically sustainable, but anything that gets in its way is dismissed as an impediment to freedom.

Just as the US perpetuates the myth of the American dream, the UK keeps people on board with all this by holding out the dream of homeownership -complete with pocket handkerchief garden and car on the drive. For growing numbers this will remain a dream, but a dream they want to preserve.

If we look at all that’s happened through a neoliberal perspective it clicks into place. But the most terrifying and insidious achievement of the Thatcher revolution was the creation of an unquestioning acceptance of neoliberalism, even by politicians who described themselves as social democratic in Labour and the SNP.

Decent Housing is recognised as a universal human right, but it is a right that the market system is failing to meet. When housing becomes just another commodity, then some people can live in palaces while others are in slums. Some own multiple homes, or flats kept empty as they are only intended as investments, while others have to scrimp and save to live in appalling conditions. Overcrowding, damp, long travel distances, no money for other things, all restrict life chances.

This is disastrous for the wider economy too. The office for National Statistics calculated in 2015 that dwellings accounted for £5.5 trillion, or 62%, of the UK's total net worth. Money that is tied up buying and selling property can't be invested in other things. And once again property speculators are creating a Ponzi scheme that relies on there being always more buyers at ever increasing house prices. When they run out of buyers and prices fall this housing bubble will burst like the last one did ten years ago.

But meanwhile, rich speculators will get even richer. Commodified housing provides a very efficient mechanism for increasing economic inequality. The poorest have to pay a huge proportion of their income in rent. Those earning a bit more will spend a high proportion on a mortgage. People who can afford to own their home outright pay nothing except maintenance costs. And people with more property than they need to live in, can buy and sell for profit or let it out to bring them rent. Inequality is further increased by a tax system that favours property ownership.

Growing numbers of households are affected by the economics of private renting, which encourage landlords to set maximum rents and try to get away with minimum conditions, in order to take in maximum profits. Even where rent is controlled and conditions regulated, private renting remains an exceptionally exploitative and predatory transaction. It is one of the most effective ways of transferring wealth from the poor to the rich. Currently, too, £7.8 Billion of the £20.9 Billion Housing Benefit bill goes to private landlords.

So what can we do to reverse this commodification and make the right to decent homes a reality?

We recently commemorated the centenary of the Glasgow rent strikes, which provided the catalyst first for rent control and ultimately for state subsidised housing. The placards carried by the strikers made it clear that they believed the 'only alternative' to continued housing woes was 'municipal housing'. But a hundred years on we are again fighting the failure of the market to provide decent housing, and especially the exploitation resulting from private renting. I will argue that the most viable alternative is still municipal housing - and this time we must do it right.

The antidote to all this commodification of housing is more public rented homes. In public ownership houses can only be homes, not investment vehicles: homes where you can stay without fear of being moved on. These homes should be owned by and for, and be accountable to, the community. (And I mean public housing not housing associations, because housing associations have to be run more in line with market principles to satisfy the demands of their financial lenders.) This public housing can be built new and also converted from other tenures; but this time it

shouldn't be allowed to be regarded and treated as second class. We can learn from previous mistakes.

The importance of ensuring public housing met good standards was stressed by many of the leading figures in council house history: people such as the architect and planner Raymond Unwin, who was influential in creating the templates for the first state subsidised council housing after the first World War; and Nye Bevan, responsible for housing in the 1945 Labour Government. Bevan explained in 1946,

We must not only build quickly, we must build well. In the next year or so we will be judged by the number of houses we have put up. But in ten years we will be judged by the quality of those homes.

But after Bevan's resignation, house-building was dominated by the numbers game – and an increasing sense that working-class housing need only be pretty basic. This is especially apparent in the neglect of the spaces between the buildings. Neglect, and the sense that basic was good enough, also applied to maintenance – even before Thatcher.

But it doesn't have to be this way, and there are already examples to be inspired by, especially in the Nordic countries. In fact social housing allows a greater scope for good design than private speculative development. Because they're not limited by the drive for a quick profit, its designers can take a more holistic and long-term view. So, for example, social housing has taken a lead in using energy saving design and systems. It doesn't have to fit a developer's idea of standard individualised market-tested homes. Planning can be for community, and not just individual, benefit – with communal open spaces and community rooms. Of course there's also scope for monumental failures, but genuine democratic community involvement could help prevent these before they reached the building stage.

When it comes to housing management, history provides more lessons, not least in what not to do. We don't want a repeat of the big bureaucracies of the past, which were distant in both geography and attitude. Instead we could see locally based management that could respond quickly to needs and keep regular checks on maintenance – and even combine with the function of concierge for homes in large blocks.

Council housing already has a level of democratic overall control as it is owned and run by elected local authorities. (There's plenty of scope to make local government more democratic, but that's for another discussion.) Housing management can be made more democratic and responsive by enabling maximum tenant participation through a tenant management co-op. (There were some particularly good examples of these in the 1980s.) How many, and which, functions they take on can vary.

There have been successful examples of tenant organisations taking on ownership as well, but this requires continued commitment over the years, and small organisations of this kind often end up being taken over by the big housing associations. Tenant management with public ownership can achieve the same level of involvement and sense of ownership, without the exchange of title deeds and the extra worries that entails. And if a generation of tenants doesn't want same the level of involvement as their predecessors, more functions can be taken on by council; or visa-versa. (I should point out that this sort of involvement is very different from that of tenants on housing association boards, where they are not there as tenant representatives and have to act in the interests of the association.) Tenant management co-ops should be in addition to, and not instead of, independent tenant organisations that can function like a trade union for tenants.

At a household level, it is also important to remove any bureaucracy that restricts people's freedom to make their house a home. Tenants need to be free to make alterations to suit their household, provided these don't damage the value of the house or disadvantage their neighbours - even if architects (like me) mightn't approve the choice of doors.

If people in public housing are still not to be disadvantaged compared to those who can afford to buy a home, then we need a system that minimises the use of home ownership to gain financial advantage. And to ensure that housing tenure need not dictate life chances, this system would also have to reduce the disadvantages for tenants in private rented housing.

That it is possible to achieve this sort of tenure neutrality was demonstrated by 1960s Sweden. The actual housing system was different and complicated, but they did achieve a balance where there was no intrinsic benefit from being in one type of housing tenure over another, with the result that different social classes had similar ownership patterns.

So, how do we approach this in the UK starting from our current tenure patterns?

TENURE	ENGLAND	SCOTLAND
Owner occupation	62%	57.7%
Public rented housing	7%	12.3%
Other social rented housing	10%	10.8%
Private rented housing	20%	15.4%

For a start, we need major controls on private renting, with rents capped and conditions regulated, and tenants guaranteed security of tenure. Landlords will

complain that letting is no longer financially viable. Well, good! Local authorities can then buy up many of these flats and convert them into publicly rented homes. This is similar to what has been happening in Govanhill in Glasgow, where money from the Scottish Government and the council has been used to buy up hundreds of slum tenements to do up as social housing. Private renting can be reduced to a very peripheral role for particular situations, such as when people want to let out their main residence because they are temporarily living away.

In order to stop speculation in buying and selling homes we need to end our obsession with house price rises, and the exceptionalism that sees these price rises as a good thing, and almost as a right. We need to learn to be more German. In Germany, over the last forty years housing policy has deliberately kept house prices in most places relatively stable with a slow overall decline.

You can't actually realise the value of your home if you are living in it, so for most home owners it makes little difference if prices fall. For those who want to move and are trapped by negative equity, where their house is worth less than their mortgage, all mortgages could be made portable to a different property. We could also see an expansion of the scheme whereby people can sell their home as social housing and move from paying a mortgage to paying rent.

House price rises can be reduced by ending subsidies for home ownership, such as first time buyers' schemes that push prices up for all. These are, anyway, subsidies for those who are already better off.

And speculation could be reduced through taxation, with taxes increased in stages as people grew to accept the new approach. (Those looking for a more detailed discussion of taxes and property speculation could check out Richard Murphys' blog 'Homes should not be tax havens, but that's exactly what they are right now'.)

Changes to reduce property speculation could include: extending Capital Gains Tax to include the main home, and also decreasing the tax free allowance and increasing the rate to at least that of income tax (exempting money used to purchase a further home); taxing the inheritance of property – Richard Murphy suggests using a version of Capital Gains Tax for that too; wealth taxes; and an end to the tax exemptions that privilege speculation, such as Mortgage Interest Tax Relief on buy-to-lets.

Land Value Tax could be introduced as a replacement for Council Tax, and Andy Wightman of the Scottish Greens has worked out proposals for this for both Scotland and England. Land is finite and location location location is key to property prices, so land is a major component of property speculation. Land Value Tax is based on the value of land taking account of potential permitted use. It allows the public to

recoup gains from increases in value not generated by the landowner, such as value resulting from public investment in infrastructure. It encourages development to achieve the permitted use, rather than land-banking and waiting for property prices to rise – which has become a major activity of the big house building companies. As Land Value Tax is raised there is less and less scope for land speculation, and ownership becomes little more than the right to use the land.

And, when we are looking at land, councils could again be allowed to buy land for public housing via compulsory purchase at current use values, as they were before 1959.

Finally, a brief word on the economics of public housing more generally. If all expenditure is accounted separately, then a major expansion of new and converted public housing is simply regarded as a massive increase in the housing budget. But we need to look at the bigger picture. A house building programme is itself a major stimulus to the economy, bringing money and jobs to local areas. This can be particularly important at times of slump, where it can help keep the economy going. And, if the speculative element of housing costs is kept in check, there is more money in the economy to be spent elsewhere, including in better construction and maintenance.

Poor quality, expensive, and insecure housing has major costs in terms of mental and physical health, debt and societal breakdown, which all have financial implications. Better housing with secure tenancies brings big - if hard to measure - savings in other areas. Investment in public housing makes financial sense; and, more importantly, it brings big social dividends.