

HOUSING

LABOUR'S CLADDING DEMANDS

Buildings must be made safe and residents must be protected.

On Monday 1st February, Labour forced a parliamentary vote to protect leaseholders from intolerable costs of cladding removal that are causing millions to be trapped in unsafe and unsalable flats.

Labour's Shadow Secretary of State Thangam Debbonaire criticised almost four years of government inaction since the Grenfell tragedy. She demanded that the Tories should identify and prioritise the riskiest buildings, provide funds to start work immediately and pursue those responsible for the cladding crisis.



Labour's motion called on the government:

"To urgently establish the extent of dangerous cladding and prioritise buildings according to risk; provide up front funding to ensure cladding remediation can start immediately; protect leaseholders and taxpayers from the cost by pursuing those responsible for the cladding crisis; and update parliament once a month in the form of a written ministerial statement by the Secretary of State."



Debbonaire said: "Millions of innocent leaseholders are seeing their dream of home ownership become a nightmare, forced to spend lockdown trapped in unsafe and unsalable flats, with bills mounting. The number of bankruptcies is growing.

"Government inaction on the cladding scandal has gone on for too long. Buildings must be made safe and residents must be protected. Ministers have consistently promised leaseholders they would not have to pay for this work, but consistently failed to deliver."

Many are paying thousands of pounds for private companies to supply a "waking watch", patrolling their buildings, checking for signs of fire and sounding the alarm if a fire is detected.

That is on top of the costs of removing the flammable cladding!

LHG POLICY DAY AND AGM

We are holding our next Policy Day and our AGM 2021 on **Saturday March 20th.**

The focus will be on policies for the South West of England.

More information soon.

Please put the date in your diary.

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Here are two articles about rent controls. John Gray, former Cabinet Lead for Housing Services in the London Borough of Newham makes the case in favour while Chris Worrall argues against. Further contributions are welcome on what will no doubt remain a contested subject!

Paul Martin (Editor) pauljmartin@clara.co.uk



THE CASE FOR RENT CONTROLS

For some time before the General Election in December 2019, I had been exploring with our Council Pension Committee whether we should be investing money in social housing.

Our pension officers took their due diligence very seriously and we had a seemingly endless series of meetings and presentations with institutional fund managers and financial advisors.

Nearly all the models included some form of mixed tenure and cross-subsidy of social housing by market or intermediate rents (or sale). I was pleasantly surprised that, despite it being Labour Party policy at the time to have some limited rent controls, most fund managers did not appear to think that this would cause any serious problems with their investments.

Some managers did think it would have serious implications and a small number had no idea that the Party was committed to rent controls and were clearly exercised by any such policy.

I imagine that meeting small, private “buy to let” landlords who are mortgaged to the hilt and still losing money despite charging sky high rents would

have told me something very different.

Certainly the historical evidence on the impact of rents controls is mixed. Were “fair rents” in the past set too low and was that the reason for the decline of the private rental sector and its “Rising Damp” reputation? Or was that a consequence of government subsidy of social housing and home ownership? *Ironically it was David Cameron and a Conservative Government that last imposed UK rent controls, but only on social landlords.*

Rent controls are in force in other countries, such as America, Germany and France. Again, there are differing views on the positive and negative consequences.

While there will be problems with any introduction of controls, doing nothing is not an option because the private rental sector is completely out of control in many parts of this country.

While surveys of *young professionals* often show that they are paying a staggering 50% of their income in rent, **it is families who suffer most from high rents.**

On top of living in insecure, overcrowded and often poor

quality housing, in Newham, East London, **66% of children live in poverty** after their parents’ housing costs are taken into account.

I hate to think what these figures will be now due to the impact of Covid-19.

Pension funds and other investors expect market rents to carry on growing in excess of inflation. In all likelihood, today’s affordability crisis will get even worse if nothing is done.

Rent controls will only be part of a wider housing solution and a massive expansion of social housing is my preferred option.

However, this is not going happen with a Tory parliamentary majority of 80. So we have until 2 May 2024 (or sooner) to come up with workable solutions.

Rent controls were first introduced to tackle housing problems caused by World War One. **Perhaps our modern day Covid emergency will result in their reintroduction.**

Cllr John Gray. Former Cabinet lead for Housing Services London Borough Newham. Representing Housing Association & Voluntary Sector workers on UNISON NEC.

LONDON'S REFERENDUM ON RENT CONTROL

A famous policy for fighting high prices is rent control. It is at the same time often considered [least contentious area of economics](#) and one that is almost universally denigrated by economists from around the world.

In New York city there are probably around 20,000 units governed by the strict rent control laws synonymous with the strict old fashioned rent control system that is applied to rental accommodation in the private sector.

Rent stabilisation is another term that differs slightly in the rules that govern how you can increase rents. Both are equally as futile. The latter are generally given a rent increase every year at levels governed by a rent guidelines board. The board try to take a look at to what extent operating costs have increased and try to set levels with this in mind.

Rent stabilisation typically has more flexibility and freedom around having an ability to change tenant. If you make repairs, you can increase rents. In rent stabilisation there is also 'luxury de-control'. So if a rent gets to a particular level then it can leave rent stabilisation all together.

Professor Ingrid Ellen of NYU argues that outside of Manhattan it just doesn't have that big of an effect on the market. Rent stabilised apartments are not that different to market rents she argues, often being as close as

\$200 apart in terms of median market rental levels to rent stabilised rents.

But why do economists hate rent control so much?

Firstly, there is the impact it has on supply. Developers essentially end up wanting to build less. The rules in New York meant you typically did not have the rent stabilised levels on new lettings, which was one way the rules tried to avoid that issue.

What you saw in Post-War New York was the conversion of a lot of rental apartment blocks into condominiums for home-ownership, resulting in a loss of rental stock.

Then there is the effect on quality.

Often it was found that for landlords of rent controlled property it just didn't make economic sense to maintain the grand old buildings in New York, which were particularly visually prevalent during the 1970s.

The issue over allocation is another that economists take umbrage over. In Ken Auletta's *'The streets were paved with gold'* there is a famous anecdote of an international tobacconist called Nat Sherman. Sherman was paying next to nothing for a unit in Central West Manhattan. He goes on to say that he thinks it is fair to pay so little, because he used the apartment so rarely. This raises the question over who do these regulations really benefit?

Thankfully that question has been answered this year, by no

less than two papers. One released in August 2020 by Thao Le and Edward Coulson on ['Tenant Rights, Eviction, and Rent Affordability'](#), demonstrates that for every one-unit increase in the toughness of rent control, evictions are reduced by almost 9%. We find that rental housing costs becomes 6% more expensive where tenants have more protection against landlords. A higher Tenant-Right Index is also associated with a decrease in housing supply and an increase in the homeless rate.

Another paper by Luis Quintero and Xi Yang also found in their paper 'Does Rent Regulation Affect Tenant Unemployment? Evidence from New York City' showed that often the beneficiaries are those who are well off and concluded [that the policy is one](#) that the policy as one that has a significant transfer of wealth to those on higher incomes.

Sadiq Khan vowed the delayed London election will be a [referendum on rent controls](#) as part of his re-election campaign. One hopes on reflection, pushing such a regressive policy on London may be off the cards now Covid19 offers greater opportunity for more progressive policy, such as a renewed focus on supply.

Chris Worrall (LHG Executive Member – [expressing his personal views](#))

ROCHDALE: 250 FLATS LEFT EMPTY HOUSE PRICE BUBBLE TO BURST



Labour Councillor Faisal Rana accuses Rochdale Boroughwide Housing (RBH) of deliberately keeping up to 250 flats on the College Bank estate vacant.

"Just before Christmas, the housing charity Shelter reported that Rochdale was facing a homeless crisis with 182 people sleeping rough or in emergency accommodation - one of the worst records in the North West. Over a hundred are children.

"At the same time, RBH had 250 properties empty on the College Bank estate. Those empty flats could house the homeless.

"There are also 5,000 people on the housing waiting list in the borough who can't get a house because there's such a desperate shortage. Only last year RBH hit the national headlines when it was discovered a mum of five living in overcrowded conditions had been on the waiting list for eleven years - and still couldn't get a house. Another family of five with a baby had been waiting seven years.

Councillor Rana added "All this is happening at a time when RBH is pushing ahead with their plans to demolish four out of seven blocks on the College Bank estate - with a total of 480 flats put to the wrecking ball.

"I simply do not believe RBH's claim that it will cost £15M to improve each of the four blocks. These are good, solid and popular homes. There are examples of tower blocks in Greater Manchester being extensively refurbished for half that cost.

When we are faced with huge waiting lists and record numbers of people homeless, RBH must reverse its decision to bulldoze hundreds of perfectly good homes."

It's immoral to be pulling down perfectly good homes when so many Rochdale people are desperate for somewhere to live."



The Daily Telegraph, which campaigns to abolish Stamp Duty, reports that average house prices in southern and eastern England are set to fall by £30,000 once the stamp duty holiday ends on March 31..." although "huge numbers of agreed sales will miss the deadline."

Estate agents in Cambridgeshire say "When the tax break ends, it will take away 50- 70% of sales, there will be a complete lull."

In effect, the Government has created a housing bubble which is very likely to burst.

Introduced in July 2020, the tax break increased the nil rate of stamp duty in England from £125,000 to £500,000 for all buyers, including, controversially, landlords and second home owners and at an estimated cost of £3.8bn.

A substantial "downward correction" in house-prices might be very welcome indeed for those on average wages desperate to buy, but there will no doubt be losers as well as winners.

Chancellor Rishi Sunak isn't old enough to remember how *negative equity* beggared those least able to cope in the 1990s, but he may just get a very public re-run of this block-buster.

Andy Bates

In Conversation With...

We are inviting guests to contribute their thoughts on the long-term changes that will result from the Covid-19 pandemic.

They will include *public intellectuals* such as Danny Dorling and Matthew Taylor, *academics* such as Nancy Kwak, Bob Colenutt and Juliet Davies and *progressive politicians* such as Shama Tatler.

See <https://labourhousing.org/?s=in+conversation>





HEAT PUMPS: TOO LITTLE, TOO LATE

The Chair of the *Environmental Audit Committee*, **Labour's Philip Dunne**, wrote to Ministers on 21st December 2020 questioning the Government's preparedness to implement its ambitious promise to install 600,000 heat pumps every year by 2028.

He had three main criticisms.

Lack of incentives

1. Heat pumps are typically three to four times more expensive to purchase and install than conventional gas boilers.
2. The Government is offering £4,700 to 'retrofit' a privately rented property, whereas the *Northern Housing Consortium* says it would typically cost at least 400% more – £19,300 for the retrofit plus £5,000 for a heat pump.

The *Green Homes Grant* scheme is welcome but must be extended if the number of heat pump installations is to rise from under 30,000 per year to 600,000 per year by 2028.

Lack of capacity

The number of qualified installation engineers actually fell by 65% over 2014-17 and there are now only around 2,000 qualified personnel. (By comparison, there are over 100,000 Gas Safe engineers.)

Lack of readiness

Although the [Climate Change Committee](#) has estimated that 10 million homes are 'heat pump ready' and a further 10 million could be suitably upgraded, the Government has made no headway in identifying those homes.

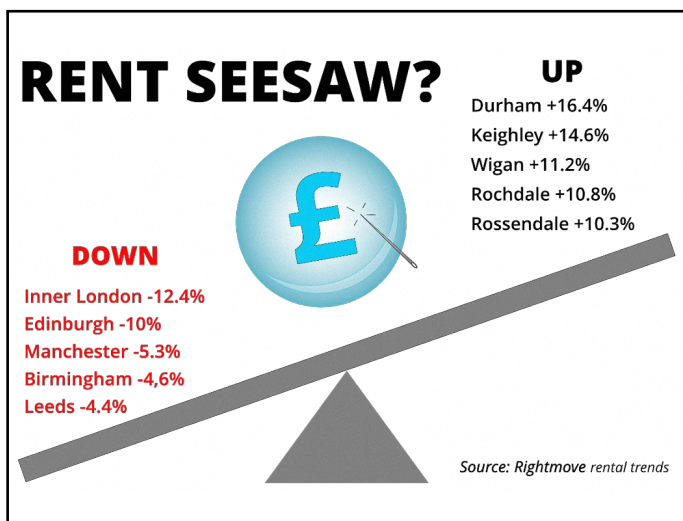
RENTS FALL IN BIGGEST CITIES

The cost of private rentals has varied widely across the country according to the property website Rightmove's periodic reports.

In some city centres, private rents have fallen by up to 12% in a year, but in contrast those in parts of Northern England have risen as tenants switched from their urban homes to ones in less densely-populated areas.

Rightmove reports a fall in asking rents and a big increase in properties coming to market in many areas.

The greatest impact has been on Central London, with average monthly asking rents down by 12.4% on a year ago. The next most affected areas were Edinburgh City Centre (down 10%) and Manchester city centre (down 5.3%).



A different trend was reported in areas outside London, with the highest growth in Durham, Keighley, Wigan, Rochdale and Rossendale - all rising by more than 10%.

Rightmove said that the number of rental properties listed had more than doubled in some city centres with the biggest jumps in Leeds, London and Nottingham.

Director of Property Data, Tim Bannister, said that its findings on rents "*bring a challenge for some landlords but also an opportunity for tenants who may be able to make a longer term decision and move into a city centre now at a more attractive rent than this time last year*".

COUNCIL HOMES NEED DEFENDING

I am a leaseholder in a council block in Carshalton, London Borough of Sutton, a relatively well-off part of South London which has been held by the Lib Dems by the skin of their teeth against the Tories. Labour will have to work very hard and have the tide of events in their favour to elect even one Council Member.

I have been taking an active part locally in the ALMO (Arms-Length Management Organisation), but at 82 and twenty years after ceasing to be a Councillor, I am pulling back even from that because I no longer have sufficient energy.

Sadly, I also realise I haven't had the drive recently to galvanise the interest of the CLP in housing compared to other issues.

This estate would be a tempting target for "redevelopment" as it is a largish, pleasant area of only thirty flats, right beside the railway station, with bus routes and many other amenities very close by.

If the Tories take over, I very much fear for the fate of Sutton's council housing.

In my view social housing of all sorts needs our protection. My instructions to my executor when I die are that the Council should have first refusal on my flat, *so long as the Tories are not in charge locally.*

(It had previously been sold in 1985 under the Right To Buy when I bought it in 2008. I had hoped I could be some use to the other residents through my experience with housing from Gloucester, where I was previously a Labour City Councillor.)

It bothers me that residents on this little estate are pretty uninformed - the tenants even more so than the leaseholders. Within the local Party, as far as I can ascertain, hardly any of the more active members live in council-owned property. It is thus not a personal issue that they are usually concerned about.

I'm not energetic - or rude - enough to suggest to their faces that in some circumstances there might be some hypocrisy there!

I'm dropping back from activism now, but I remain very concerned about the vital place housing should have at the heart of Labour policies.

I remain convinced that there should be a close correlation between the cost of housing and income levels and that all Planning policy papers should include a section assessing the implications of this nexus.



Margaret Onians

How many councils have allowed the building of expensive developments against the creation of jobs paying too little to buy or rent such homes?

I believe that Joined-up thinking can solve problems while disjointed thinking creates them. Is this perspective found anywhere else?

Everywhere we are up against a wealthy Property lobby that donates freely to the Conservative Party who in turn enhance their supporters' profits by holding back the much-needed increase in social housing.

We should continue to fight this.



Editorial

MANY MEMBERS' VOICES

Just what we needed!

No. 22 *Bishopsgate* occupies a prominent site in the City of London and stands 278 m (912 ft) tall with 62 storeys.

My thanks to **Margaret Onians** whose article on page 6 started with a letter to LHG.

It is only too easy for us to focus on what happens in Westminster, but it is important to hear other voices about how the need for more decent homes remains unmet – or is met in new and imaginative ways.

Some of the issues that are worth exploring include empty homes, park homes and fuel poverty,

Please write in with ideas (and preferably some sources) that may cast a new light on housing issues.

Paul Martin (Editor)
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NOT MUCH “NEW” ABOUT NEW TOWNS

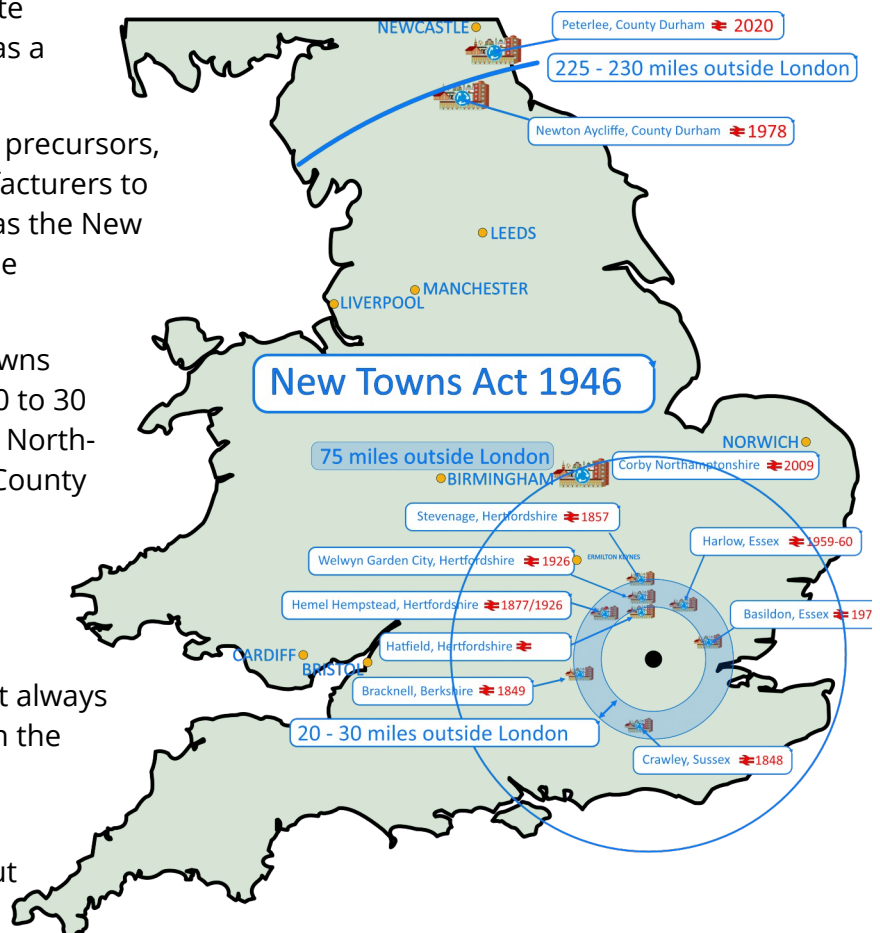
The idea of building *new towns*, separate from existing large towns and cities, has a long history.

Although there were many small-scale precursors, usually “model villages” built by manufacturers to house their workforce, in England it was the New Towns Act of 1946 which really gave the movement wings.

As the map shows, most of the new towns were in a ring around London about 20 to 30 miles out, but they were echoed in the North-East by Peterlee and Newton Aycliffe, County Durham.

Included on this map are the dates by when a railway station served the new towns. The Beeching review is foreshadowed in that a station was not always thought to be necessary or desirable in the coming “age of the car”.

Corby, in particular, became for some time the largest town in Europe without a station!



LHG EXECUTIVE 2020

LHG's Executive was elected at the AGM 21st March 2020 for the two years to 2022.

Executive members

Andy Bates (co-opted)

Janet Berry

John Bevan

Rachel Blake

Nick Bragger (co-opted)

John Cotton

Ed Derrick

Gerard Heffey (co-opted)

Ross Houston

Heather Johnson

Paul Martin

Amanda Pinnock

Sheila Spencer

Christopher Worrall (co-opted)

WHAT IS THE LABOUR HOUSING GROUP?

The Labour Housing Group is a lobbying group that is affiliated to the Labour Party and dedicated to the development of a socialist housing policy.

You can contact us at
<http://labourhousing.org/contact> and join us at
<https://labourhousing.org/membership/>

Individuals must be members of the Labour Party and agree to be bound by Labour Party rules and the LHG constitution.

£ APPEAL £ APPEAL £ APPEAL £ APPEAL £

If you cannot spare time and energy, you can still help us in our work by making a donation by bank transfer to:

"Labour Housing Group", Account number 50478080, Sort code 08-90-06,

Co-operative Bank, PO Box 1AN, Blandford Street, Newcastle, NE99 1AN.

Of course, you can also send a cheque made payable to "Labour Housing Group" c/o **The Treasurer, Flat 2, 8 Torrington Park, London N12 9SS**

PLEASE QUOTE "LHG2020 CAMPAIGN"

For readers new to housing policy issues, *Labour Housing Group* publishes a series of short guides aimed at a wide readership.

Our published **Briefings** on current topics include *Homelessness, Rough Sleeping, Affordable Housing, Private Renting Sector, Rural Housing and Leasehold Reform.*

The latest edition covers *Council Homes*.

They can be found at:
<https://labourhousing.org/resources/lhg-briefings/>

If you would like to contribute, please email our Policy Officer, Paul Martin at pauljmartin@clara.co.uk.

Opinions expressed here are not necessarily those of the Labour Housing Group.

