

Deconstructing Social Housing

‘Social housing’ is often used as if it is an objective rather than a socially constructed entity. This can produce contentious conclusions such as social housing has been ‘unexpectedly resilient’ ([Cole and Robinson, 2017](#)).

State-designated social housing providers

‘Social housing’ has several meanings. Sometimes it is used to refer to housing supplied by state-designated social housing providers. This is the official interpretation in England with the [Homes Agency](#), acting on behalf of the Ministry for Housing, Communities and Local Government, maintaining a list of ‘current registered providers of social housing’, the vast majority being housing associations and local authorities.

In the past there was a clear distinction between local government and housing associations but, in the middle 1990s, this difference started to be blurred. The White Paper *Housing: the Government’s Proposals* (1987) was the catalyst. It made a distinction between the ‘independent’ rented sector and local authority housing, lumping private landlords and housing associations — with their alleged freedoms from state control — into the ‘independent’ sector. Nicholas Ridley, then Secretary of State for the Environment, wanted to push all rents — local authority, housing association and private — to market level via axing the ‘fair rent’ idea. A more selective Housing Benefit system would ‘take the strain’ from low-income households and the local authority stock would be transferred to ‘independent’ landlords via Tenant’s Choice and Housing Action Trusts. However, with the cost of Housing Benefit escalating, the strain became too great and John Major’s government changed the policy. The Housing White Paper [Our Future Homes: opportunity, choice and responsibility](#) (1995), in a section headed ‘Creating a new framework for social renting’, stated ‘We will ensure that rents in the social sector remain affordable for tenants in low-paid work’ (DoE and the Welsh Office, 1995, p 10). [John Gummer](#), in explaining the White Paper to Parliament, said it ‘reaffirms our commitment to maintaining a social rented sector at rents below market levels’. The term ‘social housing’ started to permeate the housing lexicon.

New Labour developed Gummer’s approach. Housing association and local authority rents were gradually aligned under a national formula that determined a ‘social’ rent. The consumer aspects of service provision became subject to common directives under a social

housing regulator. However, local authority borrowing for housing continued to be counted as public sector debt whereas housing association borrowing was not and council house tenants had a Right to Buy that only became available to housing association tenants in 2016 on very restricted terms. Thus, although local government and housing associations are bracketed as ‘social housing’ providers, politically they have been treated differentially. Between 2008/9 and 2016/7 the proportion of the housing stock owned by ‘social housing’ suppliers in England declined from 17.8% to 17.1% but the per cent owned by local government declined from 8.8% to 6.8% compared to a housing association share increase from 9.1% to 10.3%.

Social rents

[Eurostat](#) (2018) identifies social housing not according to state designated supplier but by rents set at below market level thereby producing a European Union league table different to the one supplied by Cole and Robinson. ‘Below market rent’ is a vague term: it can mean just below or well below the market rent. In England, social rents are about 50% of market rents (with considerable variations according to place), but the Coalition government switched its new build programme away from social rents to ‘affordable rents’, defined as less than 80% of the market price. In 2010/11 65% of social sector new output was for social rent, in 2016/17, only 13%. Moreover, on vacant possession, providers were allowed to convert social rents to ‘affordable rents’ and central government encouraged such conversion. Over the period 2010/11 to 2016/17 it has been estimated that 102,000 properties were converted to ‘affordable’ rents. A consequence of this change, alongside hikes in social rents until 2015 and Housing Benefit cuts, was that between 2009/10 and 2015/16 mean council house rents increased by 37.7%, housing association rents by 38.6% and private landlord rents by 16.6% after Housing Benefit ([MHCLG, 2018](#)).

Defining social rents relative to market rents underplays the significance of historic costs and the advantages of public housing in storing value for the community. In advocating a sustained local authority housing programme, the Tudor Walters Report (1918) claimed that, although subsidies were necessary in the short term, ‘ultimate economy in the provision of dwellings will depend on the relation between the average rental secured over a long period’ and the initial dwelling cost. Despite Treasury asset-stripping under the right to buy — £42 billion up to 2015 — local authority has more than paid its way in terms of historic costs and

maintenance expenses. Between 1995/6 and 2015/6 the Treasury gained an average of £250 million per year from local authority housing ([Stephens et al, 2018](#)).

Allocation according to need?

Allocation according to need is also used as a social housing marker but historically other criteria have overlaid the need criterion. The Cullingworth Report (1969) and the 1977 Housing (Homeless Persons) Act made need the dominant allocation principle but, in recent years, this dominance has been eroded with the 2011 Localism Act allowing local government more discretion in allocation policies and central government promoting residency and ‘community contribution’ criteria. The introduction of ‘affordable’ rents has added to the erosion of the need principle. [Wilson et al \(2018 p 21\)](#) comment:

Inside Housing has reported that affordable rents, coupled with Housing Benefit restrictions and the household benefit cap, are leading some associations to operate stringent affordability checks on prospective tenants as part of their letting processes. Out of 34 responses, Inside Housing reported that 11 housing associations said they were taking a closer look at prospective tenants’ financial circumstances before offering a letting. One respondent said:

... households affected by the benefit cap are subject to “stringent affordability checking” and if they are not able to demonstrate that they can afford the rent after their benefit is capped, then the allocation “will be returned to the council as unviable”.

(Wilson et al, 2018 p 21)

Available statistics make it difficult to assess the impact of these changes but the average incomes of housing association tenants relative to mortgage holders has been creeping upwards since the late 2000s and, in both the local authority and housing association sectors, lettings to homeless households as a proportion of new lets has been declining ([Stephens et al, 2018](#)), despite the large increase in the number of homeless households.

Not for profit?

Another yardstick used to distinguish the social from the private in housing supply is to associate social housing providers with not-for-profit organisations. The 1995 White Paper suggested that for-profit companies should be allowed into the social housing business. New Labour did not promote this initiative but, since 2010, more for-profit companies have become registered social housing providers and a few, much to the annoyance of the National Housing Federation, have called themselves housing associations.

Indeed the non-profit nature of housing associations has been questioned. A Channel 4 Dispatches programme was summarised as:

As Britain faces a major housing shortage, how is it that some of those responsible for providing the social housing so desperately needed seem to be doing so well out of the crisis? Reporter Anthony Barnett travels around the country to hear from communities under threat at a time when the pay of social-housing bosses has hit record levels, while the provision of housing for social rent has hit an all-time low. Among his discoveries is that an executive of a housing association in one of the poorest parts of the country received a pay-out of more than a million pounds.

[\(Radio Times, 2018\)](#)

Housing associations have defended the surplus made from their activities as necessary to promote new social housing supply but, as explained above, building for social rent has almost disappeared and homes are being converted to the ‘affordable’ rent regime at a rapid rate. Moreover, in order to generate a surplus, more housing association are building for rent and sale at market rates. [Crook and Kemp \(2018\)](#), in their paper ‘In search of profit: housing association investment in private rental housing’, state:

In this paper, we have examined an apparent puzzle: that large, non-profit ‘property developer housing associations’ in England are making substantial investments in for-profit rental housing. One has even invested in private rental portfolios overseas. Moreover, while some are letting their private rental homes to their ‘traditional’ social housing clientele, HAs with the largest private rental

portfolios are letting them to more up-market groups of tenants. And yet, waiting lists for social housing have risen and increasing numbers of low-income families are renting on insecure tenancies from private landlords. This shift into for-profit rental housing by property developer HAs – and to more upmarket tenants – would have seemed scarcely conceivable in the 1980s and probably been unacceptable to their committee members.

Although housing associations profits are not distributed to shareholders, the income generated can be used for the salaries and pension deals of housing association employees, much as some for-profit organisations, to the chagrin of their shareholders ([Financial Times, 2017](#)). The [Sunday Times \(2018\)](#) lists the highest paid Chief Executives of housing associations as:

David Cowans, Places for People £579,138

Kieth Exford, Clarion, £376,199

David Bennett, Sanctuary, £356,277

Jane Ashcroft, Anchor, £351,899

David Montague, L&O £344,000

There is also the remuneration paid to Board chairs and members. In 2015 [Social Housing](#) reported ‘Board pay ticks up as highest earning chair receives £71.5k’. The average Board Chair remuneration was £15, 056.

The popularity of social housing

In support of their claim that social housing is ‘unexpectedly resilient’ Cole and Robinson assert that social housing is popular citing waiting lists as proof of the claim. Yet waiting lists are generated by the social processes involved in their construction. Local discretion combined with government guidance on eligibility to join the social housing queue has

reduced waiting lists from 1.8 million in 2012 to 1.2 million in 2017. [Wilson et al \(2018p 17\)](#) state:

Inside Housing magazine conducted a survey of English local authorities and reported on the results in March 2016. The survey found that 159 authorities had removed 237,793 applicants from their waiting lists and “barred” 42,994 new applicants using powers under the 2011 Act. 57% of respondents (90 councils) had introduced a local connection requirement of which 26 specified a residence requirement of three years or more. A similar survey conducted by Inside Housing in 2014 found that 126 English local authorities had used powers to limit access to social housing by amending their allocation policies: seventy-seven councils that provided detailed figures informed 113,049 people that they no longer qualify for social housing for reasons including a lack of connection to the local area and anti-social behaviour

Lower or higher waiting lists tell us little about the popularity of social housing.

The English Housing survey records satisfaction levels in different tenures. In 2016/7 80.9 % of social tenants were satisfied with their accommodation compared to 83.6% of private tenants and 5.5% of social tenants were very dissatisfied compared to 2.8% of private tenants ([MHCLG, 2018](#)). Indeed, perhaps surprisingly, an average of 50,000 households per year moved from social to private renting between 2009/10 and 2016/7 ([MHCLG, 2018](#)).

Satisfaction with homeownership was 94.2% for those buying with a mortgage and 95.5% for outright owners. Despite opportunity to buy influencing expectation to buy 70% of social renters aged 18-24 expected to buy, 60% of 25-34 year olds and 48% of 35-44 year olds. According to a survey by the [Council of Mortgage Lenders](#) (2016), despite a fall from 86% in 2010 as the prospects of homeownership receded, 80% of respondents wanted to be homeowners within ten years. In part, the popularity of social housing is associated with its image. When asked the question in a Fabian Society poll ([Fabian Society, 2014](#)) ‘which two or three words do you associate with ‘social housing’?, 49% answered ‘benefits’ (53% owner-occupiers, 50% private tenants and 29% social tenants) and 22% ‘low quality’.

The term ‘social housing’ is unhelpful. Whereas, to some, ‘social’ has warm nuances linked to ‘community’, ‘shared’, ‘togetherness’ and ‘concern’, to others it has pejorative tones

associated with dependency. It is akin to ‘welfare’, hence the vernacular ‘on the social’ meaning claiming welfare benefits. Michael Young, author of the 1945 Labour Party Election Manifesto, disliked the term ‘welfare state’. In 1951 he wrote:

It must have been invented by a diabolical copywriter who knew that if the nation was not poisoned by the first word [welfare], recalling the smell of carbolic acid and the tough brown paper of ration books, it could be done to death by the second cold word [state] suggesting the Law Court, the Sanitary Inspector and the Recruiting Officer.

(quoted in Briggs, 2001 p 103)

Picking up on the negative tone surrounding ‘welfare’, the Coalition government adopted the term. According to David Laws’ *Coalition: the inside story of the Conservative–Liberal Democrat coalition government*:

George Osborne saw ‘welfare’ as a big political dividing line. He wanted Labour to be seen as the party of ‘welfare scroungers’, and he hoped that the Conservatives could position themselves as the party of the strivers

The links between ‘social housing’ and ‘welfare housing’ (the USA term for social housing), are too close. The consultation process leading to the Green Paper *A New Deal for Social Housing* ([MHCLG, 2018](#)) revealed that stigma was high on the list of social tenants’ grievances. The Green Paper stated ‘We will begin to tackle the stigma which for too long has been associated with social housing’. Theresa May has declared ‘many people in society - including too many politicians — continue to look down on social housing and, by extension, the people who call it their home’ ([Sky News, 2018](#)). Nonetheless, the patronising tone of the Green Paper proposal to reduce stigma — a best neighbourhood competition for social housing tenants — and its emphasis on social housing as a ‘springboard’ to owner-occupation seemed to reinforce rather than reduce stigma.

History out of context

Cole and Robinson identify parallels between housing politics in 1919 and 2017

In 1919:

- defensive struggles / conflict -tenants and landlords;
- political movement promoting state housing;

— landlord class blocking reform via political influence and power.

In 2017:

— defensive struggles of tenants;

— social movements championing decommodification;

— landlord class blocking reform via political influence and power.

Context is important in making historical comparisons. In 1919 about 80% of households rented from private landlords and the housing struggle was backed by the industrial trade unions to the extent that Lloyd George could threaten the War Cabinet with a ‘Bolshevik revolution’ if his housing legislation was not approved.

In contrast to 1919, the ‘defensive struggles of tenants and the social movements championing decommodification’ are skirmishes in a society dominated by homeownership. Moreover, the ‘landlord class’, according to Cole and Robinson, ‘blocking reform via political influence and power’ in 1919 was divided between the landlords owing large freehold estates — the ‘landed aristocracy’ — and small scale investors in houses to rent ([Kemp, 1982](#)). This distinction is important in explaining the demise of private landlordism in the twentieth century: the ‘landed aristocracy’ was willing to sacrifice the ‘petite bourgeoisie’ in its quest for industrial peace.

Deconstructing ‘social housing’ provides a more nuanced narrative on its history, current status and future. Not for profit, allocation according to need and social rents are disappearing traits in the sector, as is the use of assets accumulated over time to supply low-cost homes.