Housing is becoming a lively political issue again, particularly among our own supporters.

2. Last year the record fell marginally below 300,000 in Great Britain (270,000 in England and Wales). The rundown of completions of council houses ever since 1954 - from 200,000 then to 93,000 last year (England and Wales) - has dawned on many not previously interested. New estimates of future need, made possible by the preliminary census returns, have exposed both the massive character of the future problem and the sizeable shortfall of current accomplishments.

3. The holding back of total council programmes for 1962 in order to keep within the permitted investment maximum is becoming known and disliked.

4. Slum clearance, which is not being held back, makes less political appeal than house-building which adds to our net stock of houses and so to the numerical record.

5. We are under severe - and justified - criticism for having started no new towns in England and Wales during the 10½ years of our administration (though we have recently designated a site at Skelmersdale). We have done nothing yet for Birmingham, except consider a possible town at Daventry - though I hope to be allowed to announce a decision shortly. It is said that we have done nothing at all for Manchester except shoot down every suggestion the City Council has made.

6. Private building to let is practically unknown despite the hopes held out at the time of the Rent Act.

7. Yet there is growing up a considerable section of the community which cannot afford to buy (or to put down the deposit) and which does not want to look to the local council.

8. Interest rates are high both for local authorities and for the intending owner-occupier.

9. The cost of houses went up 10 per cent last year.

10. As for the improvement of obsolescent houses, of which we have three to four million, the annual rate of improvement grants has reached only 130,000 (in the past two years) and is now declining.
11. So much for the catalogue of main complaints.

12. What are we doing?
   (a) Each year's record is largely determined by the previous year's starts. Last year the pipe-line was choked: houses were taking too long to complete.
   (b) As regards council building, a temporary slowing of approvals this year - at least in the first half - has been sensible to allow completions to catch up. But we must not push this too far.
   (c) Present policy (of 100,000 approvals this year, with some elbow room for slum clearance) will, on my estimate, mean a completion figure of perhaps 108,000 in 1963; this assumes a considerable speed up in building and it could be a good deal less. If we go to the country in 1964, this will appear in the published record. It is too late now to do much to improve this bit of the record. We could at least show a rising curve of houses in building at the end of 1963 by authorising more work this year. But if we are to do that, local authorities must be told before the end of July.

13. Because of the elbow room given me for slum clearance in the older industrial towns of the Midlands and the North, I shall make as much as I can of this new slum clearance impetus. For example, I have arranged to visit the worst areas to stir up the local authorities and to give evidence of Government vigour and concern.

14. Our target for slum clearance was 200,000 people re-housed annually (Great Britain) and we have reached that over the last three or four years. I am hoping to improve on it with the aid of the new campaign. But against the huge background of misery another 5,000 or 10,000 houses replaced does not make much impression.

15. I am starting a new drive on improvements of older property. But this will take time and it is no use expecting any dramatic results.

16. If no more new building can be allowed, so be it. But, if there is to be more - before August, please!

17. Naturally, local authorities moan about high interest rates for long-term borrowing. For some it is an alibi for their own failure to adopt a realistic rent policy (though in general local authorities have in recent years been much sterner; between 1958 and 1961 rents went up by some 17-20 per cent). Nevertheless, the high price of money is by far and away the biggest factor holding back authorities. A reduction in long-term interest rates would transform the situation and create a new atmosphere of hope and expansion. To those who have pleaded for a special rate of borrowing for housing, I have given the usual firm answer that to give such a concealed subsidy would undermine the whole economic policy of the Government. But how far that is believed I do not know. Other countries do it - and prosper.
18. On the private side, there are signs of a slackening in building activity. In the past, with the industry building as fast as it could, a fall in interest rates would merely have led to higher prices. But now we may be coming to the time when some positive stimulation of private building is called for.

19. I am sure that for many even high wage earners the size of the deposit is a deterrent. It takes a long time to save the £300 the modest house needs. If my colleagues thought that, in this matter of deposit, Government help (by cash or guarantee) was a possibility I would gladly explore the idea and bring forward a scheme.

20. We have launched a small scheme for lending money to housing associations which will build houses to let at economic rents. It is heavily handicapped by the high cost of money and by the unfavourable tax comparison with owner occupation. Nevertheless, it is expected that all the money provided - £25 million - will be used. Here perhaps is our most hopeful line. If we could, in due course, much increase the capital available - and best of all if we could undertake to make it available at a fixed, even though reasonably high, rate of interest - we could really begin a new movement and show ourselves as having a forward policy. I am well aware that this means subsidy while the fixed rate is below the borrowing rate, but I do not think we should assume that this rules it out.

21. Apropos of this I am greatly interested in some of the schemes of co-operative ownership which exist on the Continent. The essence of them is that the co-operative association borrows for a period based on the life of the property and not on the individual security of each separate resident. A deposit is not essential though a small one may be thought proper. Nevertheless, the individual is more an owner than a tenant; he has a long-term right which he can assign. It seems to me that if Government participation were available, building societies and other private institutions might be persuaded to join in too.

22. I would like to explore all these possibilities provided that my colleagues do not feel that Government participation must be ruled out. Part of the problem lies in the unfavourable taxation position of the tenant as compared with that of the owner-occupier. The Inland Revenue have already agreed to consider the position in relation to housing co-operatives and I would like to carry this further.

23. The increased price of land in some areas is something we have, in a free economy, to live with. It can be tempered only by bringing more land into development or re-development, and this I am trying to do.

24. There are real difficulties of location, too. The Ministry of Agriculture, naturally enough, are reluctant to agree to any proposal for allowing building on land of agricultural value. This means that it is very difficult to reach agreement on any large sites
where building, whether by new town corporations or local authorities, can really get ahead. And the Board of Trade, also naturally enough, see dangers in new towns and overspill schemes in so far as they compete with the unemployment areas. The result is that housing often appears to have a very low priority in the Government's estimation.

25. The restriction, by controls, of other forms of building has been rejected by my colleagues.

26. A scheme I have put up for greater planning control of office building was unenthusiastically received in the Home Affairs Committee and is now in the long grass of official study.

27. The efficiency of the building industry is mainly in the field of the Minister of Works and he is following up the Emmerson recommendations. In my field, I hope that with the new slum clearance drive I shall be able to persuade local authorities to form consortia with large forward programmes that will assure continuity of work for several years. Then will come an opportunity to get some of our big builders to use large-scale methods and standardised components in an effort to increase productivity.

28. But, for the present, I report to my colleagues that we are unlikely to rise from the steady but uninspiring level of current housing achievement unless the resources for council building are increased and the long-term interest rate for housing is appreciably lowered.

C. H.

Ministry of Housing and Local Government, S. W. 1.

23rd May, 1962.