CABINET

WHITE PAPER ON HOUSING POLICY

MEMORANDUM BY THE SECRETARY OF STATE FOR SCOTLAND AND THE MINISTER OF HOUSING AND LOCAL GOVERNMENT AND MINISTER FOR WELSH AFFAIRS

Annexed is the draft of a joint White Paper on Housing in Great Britain. It sets out the broad lines on which a comprehensive housing policy should be developed over the next few years.

2. The basic proposals contained in the White Paper have already been approved as general objectives of housing policy (C.C. (62) 59th Conclusions, Minute 2). They fall under three main heads—future housing programme; development of a housing society movement to undertake building to let and for co-ownership; and improvement of existing houses. Detailed proposals in respect of the second and third subjects have been discussed with our colleagues in the Home Affairs Committee, and certain modifications have been made to take account of their views.

3. In the following paragraphs we set out the major issues for decision.

Future Housing Programme

4. New building is the key to progress on the housing front. At a building rate of 300,000 houses a year, we are not making progress: we are barely keeping pace. Overtaken as we are by rising population, houses are wearing out quicker than we are replacing them.

5. What we really need to overcome the shortages, to get rid of the slums, to keep up with growth and movement, and to maintain a steady rate of replacement would be a building rate of something like 450,000 houses a year; and for this to be maintained for some years. If one assumes an 80-year life for a house, 16 million houses should be replaced at the rate of 200,000 a year. We need 350,000 therefore merely to keep up with growth, movement and replacement. Meanwhile we still have a shortage of the order of ½ to 1 million houses to overcome; and over ½ million of the existing houses are classed as unfit for human habitation.

6. We realise that 450,000 houses a year is out of reach. Our aim is to get up to 350,000 houses a year just as soon as we can, without overstraining resources. The Cabinet have already agreed (C.C. (62) 38th Conclusions, Minute 2) that we should reach 325,000 by 1964-65—so as to allow for the increasing pace of slum clearance, and assuming that building for owner occupation keeps up as at present. We must have elbow room if building for owner occupation is to grow, and we are to provide for a modest though rising programme of building by housing societies (below).

7. The Minister of Public Building and Works agrees that 350,000 houses should be within the capacity of the industry over the next few years. To achieve this over a period of three to four years would call for a growth in productivity at a rate of 4-5 per cent per annum. This would be roughly equivalent to the rate of growth actually achieved by the industry up to mid-1961, and which it is expected to achieve again over the next few years. Within a year or so, greater output should be helped by a wider use of industrialised building methods.
8. We recognise that to announce any specific figure could involve certain risks. It might expose us to criticism of failure if the target were not achieved within a reasonable period. On the other hand, in view of the plain need for many more houses to be built, any announcement which failed to give a firm indication that the Government intended to go for a bigger programme would be a lost opportunity; it would bring us no credit and be likely to be used against us.

9. We believe that the right course is to come out boldly for an eventual target of at least 350,000 houses a year, and we hope that our colleagues will agree.

Building to Let and for Co-ownership

10. Our broad proposals under this head are set out in paragraphs 34 to 42 of the White Paper. We have secured the agreement of the Building Societies Association to the support of a housing society movement which will build to let and for co-ownership. Building societies will be prepared to put up two-thirds of the cost of such building over a 40-year loan period if the Government will raise the remaining third.

11. We propose, with the agreement of the Chancellor, to establish a Housing Corporation with the specific function of developing housing societies, and empowered to borrow from the Government at a current rate of interest for the purpose of lending the balance required to approved housing societies. We envisage a programme starting with perhaps 5,000 houses in 1965 and rising to 15,000 over 3-4 years.

12. Two main points arise:

   1) Doubt has been expressed whether it is consistent with our principles to set up a body of this kind for this purpose. If there is a need for the provision of rented housing, ought we not to look to private enterprise to satisfy it through the operation of the market?

   The answer to this is that there is little or no prospect of any general resumption of private building to let in the foreseeable future. The main reason for this is the Opposition's declared intention to reimpose rent control. This has done much to undermine confidence, and to stifle investment in residential accommodation apart from expensive flats. Given this situation, either we have to accept it, thus letting our policy be dictated by the Opposition, or find some means of remedying it. And that is what our proposals do.

   There is a further important issue at stake. Ownership of rented houses requires responsible management. Not all landlords, especially the smaller ones, have the capacity to supply this; and some simply exploit the poor. In this sense the Opposition have some case for their belief in public ownership of rented houses. We believe that the ever-increasing municipalisation is a bad thing; but we must provide our alternative. The development of a strong housing society movement is a good alternative, and has been proved so in other countries (where it is often helped by Government loans at favourable rates of interest). In our view the development of housing societies, unsubsidised but Government supported, should be a plank of Conservative policy.

   2) Paragraph 41 indicates that the Housing Corporation, in addition to being empowered to acquire land by agreement, may also need to be given a reserve power to buy land compulsorily, subject to adequate safeguards. The idea is to use this power only where a local authority might properly have helped a housing society by compulsory acquisition, but will not. Land will be a problem for the housing societies, and it seems reasonable that the Corporation should be able to help if a society is being held to ransom.

Improvement of Existing Houses

13. The major point here is our proposal that there should be a measure of compulsion to force house improvements up to a defined standard in appropriate cases, subject to appeal. This is a new principle; but we believe that it is justified and there is considerable support for this view among our colleagues. We already have such vast numbers of old and outworn houses that must in any event be knocked down and replaced, that we simply cannot afford to let old houses deteriorate which, if improved, would make adequate homes capable of lasting for many years. If we cannot get the older houses improved, where they are worth it, there will be no end to the demand for new houses.
14. Our original proposal contemplated that the initiative to oblige owners to improve would come only from the local authorities who would declare improvement areas for this purpose. Some of our colleagues felt that tenants should also be able to take the initiative. We have therefore widened our proposals to enable immediate improvement to be insisted on, in any rented house, whether in an improvement area or not, where the sitting tenant wants it.

15. The question has also been raised whether the obligation to improve on change of occupancy should extend to owner-occupiers as well as to landlords. We think that it should. It is true that owner-occupiers can in general be relied upon to improve their houses in their own interests, and that the main need is to get many more rented houses improved. Nevertheless, it is difficult to limit the obligation to improve to the house that happens to be rented. The case for insisting on improvement, and for giving Government grant, rests on the argument that every house ought to have, if it can, hot water, a bath, a lavatory, etc. This applies however the house is occupied; and, provided that we do not force the occupant, is it objectionable to take the opportunity of a change of occupancy to get the improvement done, even in an owner occupied house? The obligation to improve an owner occupied house will apply only in an improvement area which is being tackled as a whole. The sanction will not be that the local authority would take the house over, except as in paragraph 16 below, but that the local authority would carry out the improvement, recovering the cost from the owner.

16. Attention is particularly drawn to paragraphs 60 to 64 of the White Paper, on tenement blocks. It will be noted that acquisition and improvement by the local authority is suggested in some cases. There are objections to this on grounds of municipalisation, but in Scotland especially the problem of improving tenements is fundamental; and acquisition by the authority, if necessary by compulsion, is the only practicable course.

Cost of Housing: Rents and Subsidies

17. These matters are discussed in paragraphs 74 to 81. Politically this is the most difficult part of the White Paper for it carries the implication that rents, both private and municipal, must rise. Indeed, a sentence has been inserted in brackets, for consideration, explaining that in due course the rents of controlled houses must rise—though no further block decontrol is envisaged.

18. The Opposition will of course make great play with this. On the other hand, we can hardly say nothing at all. What housing costs, and who pays for it, are fundamental issues which have to be faced if housing in this country is ever to be got on to a sensible and healthy footing. To ignore them in a statement of future policies would not only undermine the sense of those policies, but would plainly be seen as an omission. We shall be asked what we intend when we come to the Election, if not before. Many of our own people will in any case be looking for a willingness to grapple with the finance of council housing, and will be strongly critical if we are silent. But we cannot imply that municipal rents will rise and say nothing about the rents, in many cases as low or lower, of the private houses remaining in control. We have got to face this; it is critical to the success of the housing society movement among other things. It seems to us best to face it when we are presenting a forward housing policy.

Conclusion

19. We invite our colleagues to approve generally the proposals outlined in the draft White Paper and to authorise publication at an early date.

M. N.
K. J.

9th May, 1963.
HOUSING

The housing position

1. Over 4½ million new houses have been provided in Great Britain since the end of the war, over 3 million of them in the past 10 years.

2. Since the slum clearance campaign was resumed at the beginning of 1956, more than 480,000 unfit houses have been cleared and the families living in them re-housed.

3. In 1951 there were 750,000 less houses than householders, and severe shortages almost everywhere. Since then the population has risen by 3½ million resulting in the formation of an additional 1 million households. Yet the high level of building maintained over the last 10 years has made good the overall deficiency of houses, kept pace with the new households and replaced ½ million houses which have had to be cleared because they were slums or because they were in the way of needed re-development. The 1961 census showed houses and households just about in balance overall though unevenly distributed.

4. In addition to the new building, 670,000 houses have been improved with the aid of grant—and many more without grant.

5. Thus, over the past decade the housing position has greatly improved. But there are still not enough houses, especially in and around the main centres of employment, where severe shortages persist. Meanwhile the population is increasing and with it the demand. There are still slums heavily concentrated in the north of England and on Clydeside; and many of the older residential areas are run down and in need of renewal. A still bigger effort is required.

6. Shortage.—The census figures actually show that there are now, taking the whole of Great Britain, slightly more houses than households, but allowance has to be made for voids and for mal-distribution including the new demands made by new employment growth. It is not possible to calculate the local shortages with any accuracy at present, though the full census figures will help when they are available. Nor can the census in any case provide a complete picture; the figures can never be quite up to date.

7. Information about housing conditions is not as complete as it now needs to be, and the Government intend to improve it. It has always been regarded as the responsibility of local authorities to keep themselves informed about local housing conditions, the Government relying on the 10-yearly census for the national picture. Since the war the need for additional houses has been so universal that there has not been cause to analyse the make-up of demand or the quality of housing, apart from the slum surveys. Local authorities keep housing lists but these are based on widely differing criteria. The Government now intend to collect more comprehensive information by regular and systematic sample surveys, and arrangements are being made to this end.
8. Meanwhile, the best estimate that can be made of the total shortage of houses (including in this the need to allow for voids) is that it is somewhere between $\frac{1}{2}$ million and a million, the worst areas being Greater London, the Birmingham conurbation and central Clydeside.

9. Population growth.—During the last 10 years, the population has gone up by 2,796,000, and the number of households by 1,722,000. Over the next 20 years both are expected to increase still more sharply: the population by about 8 million, and the number of separate households by at least $2\frac{1}{2}$ million.

10. So over the next 20 years 125,000 new houses a year will be needed to keep up with the growth of households.

11. Slums.—According to the estimates of local authorities made in and since 1956, there are still 600,000 slums to be cleared. The aim is to clear these within the next 10 years in all but the largest concentrations; and even here to break the back of the job within the 10 years.

12. Other old houses.—2·8 million houses in Great Britain were built before 1862; 4·8 million between 1862 and 1919. This is not far short of half the total housing stock. An old house is not necessarily a bad house. Many old houses which have been well looked after and modernised provide good homes, and will continue to do so for a long time. Many others, probably between 2 and 3 million, which at present lack hot water, a bathroom, a lavatory, an adequate kitchen and food store, and are often in poor repair, could be made into good homes if improved and as necessary repaired. Some of the bigger houses could, by conversion, provide more than one home. The aim is to secure the improvement of a large proportion of the older houses worth improvement within the next 10 years.

13. But there are large numbers of the oldest houses, over and above those identified as slums, which can never be made into good homes by present-day standards. Some are too worn out to be worth improvement, or are too small and cramped. Most are badly laid out, crowded, airless, in drab and depressing streets. They cannot be described as technically " unfit ", though some of them could soon become so. But they ought to be replaced and the opportunity taken to build a new environment as well as new houses.

14. No estimate can be made of the rate at which replacement will be practicable. Priority must be given to overcoming the remaining shortages, clearing the slums, meeting the needs of the growing population and of workers moving to new jobs. But the Government want to see a major drive launched for the re-development of the blighted residential areas just as soon as each town has cleared the worst of its slum clearance and overtaken its present housing shortage.

The target for building

15. What this brief summary of the housing position means is that, despite all that has been done during the past 10 years—much of which is being inevitably absorbed by the rapidly rising population—the need for additional houses and for better houses is still formidable. The Government will set themselves during the next 10 years to cure the remaining shortages, to clear nearly all of the remaining slums, to provide for growth and for
workers moving to new jobs, to improve large numbers of the houses worth
improvement, and to make a start on the renewal of the blighted areas.

16. The pace at which all this can be done depends on land; on the ability
of local authorities to tackle their part; on money; and on the capacity of the
building industry. The first three (discussed later in the Paper) can be made
to match the fourth. It is the capacity of the building industry which must
govern the target to be set.

17. The industry already faces huge tasks outside housing. There are
rising programmes for schools, colleges, universities, hospitals, power
stations and other sections of public investment. Private investment imposes
its own large though more fluctuating demands in addition. Yet it is clear
that the housing programme too must rise.

18. In 1960 and 1961 new building, private and public, was running at
about 300,000 completions a year. Last year 305,000 were completed and
324,000 started. This year the figure for completions should be higher—
though the exceptionally severe weather of the first two months has given
the year a bad start. Next year it should be higher still.

19. What matters is not the level of achievement of a single year, but
the level of production that can be reached and maintained. It is only by
the high average performance over the last 10 years—just about 300,000 a
year—that so much has been done. Now we must seek to move to a new
level of output. The Government's aim is to reach the figure of 350,000
houses a year and to sustain at least that. A continuing programme of that
order would not be excessive to keep up with growth and to provide for
a steady rate of replacement: indeed, judged only by the needs an even
greater programme would be warranted until the existing deficiencies have
been made good. But it is not realistic to envisage a higher rate than
350,000 at present. It is no use loading the industry with more than it can
digest. The National Economic Development Council have estimated that
given an average annual rate of growth in gross domestic product over
5 years of 4 per cent the output of houses could increase from 300,000 to
350,000. The Government think that that should be the target for the time
being.

20. When a 350,000 programme will be possible depends on growth of
the economy and increased productivity in the building industry. Other
building programmes are also to increase, and this target can be achieved
for housing only if there is both growth and greater productivity.

21. The Government cannot pledge themselves to reach the 350,000
target by any given year. But it is their intention that the new level should
be attained just as soon as that is possible without over-straining the building
industry, having regard to the other demands made on it.

Increasing output

22. Much depends on the industry. But the Government can—and
will—help in a number of ways.

23. They are encouraging local authorities with heavy housing
programmes to plan them at least 5 years ahead, and to work together in
groups where that will enable them to let big forward contracts. Formal consortia of housing authorities have been set up in Yorkshire (3 authorities) and the Midlands (9 authorities). In many parts of the country including north-east England, Glasgow and the London area, informal consultations are in progress between authorities which, without formal organisation, can result in the common use of plan types and building systems.

24. A number of building contractors and specialist pre-cast concrete manufacturers can now offer systems for multi-storey flats, which give both quicker construction times and savings in total man-hours as compared with traditional building. Costs in most cases are competitive, subject to large-scale orders.

25. Increasing use is being made of high flats; but the bulk of housing will continue to be in 2, 3 and 4 storeys. In this field the technical problems of system building, involving as it does a large measure of standardisation, are more complicated, because of the greater variety in size and internal room arrangements of the separate units. So far it has proved difficult in housebuilding to produce satisfactory buildings systems which, while offering the advantages of factory production and quick erection on site, are flexible in design and lay-out and competitive in cost with traditional methods. A number of firms, in collaboration with local authorities and new town corporations, are experimenting with systems for house construction, in timber and steel and in various forms of concrete. The public authorities will be encouraged to use systems which promise good results, which are competitive in cost, and which can usefully supplement existing local labour and contracting resources. Private enterprise will be able to follow suit.

26. The Ministry of Housing and Local Government have developed a system of light steel and timber construction, with a variety of cladding materials, which is suitable for ordinary house-building. It is called 5M because it is based on a planning grid of 1 ft. 8 ins.—five times the basic module of 4 ins. Four experimental houses have been built, in collaboration with the Sheffield Corporation, and it is expected that several hundred of these houses will be started by authorities in Yorkshire and elsewhere later this year. A further 370 are also to be built to provide married quarters for soldiers at Catterick. Larger orders should be placed in 1964 in various parts of the country.

27. To secure the full development of industrialised techniques, there must be co-ordination in selecting the size of building components used in new building systems, and some interchangeability in their use. The various Ministries concerned with building operations in their different fields have now agreed on a common approach to dimensional co-ordination, and this has been set out in a statement (D.C.1) issued by the Ministry of Public Building and Works in February this year. It will be followed up, in relation to housing, by a detailed bulletin to be issued shortly.

28. In encouraging the development of system-building, both for houses and flats, the Government is concerned not to repeat the uniformity of some of the early post-war prefabricated houses. Industrialised building techniques should aim, not at producing a standard house or flat, but at a system which can be used to build a variety of dwelling types capable of being grouped together on flat or sloping sites, with some degree of architectural unity, and with a range of acceptable external cladding materials.
Land

29. A bigger housing programme depends also on getting more land made available both for private and for public housing. This is in the first place the responsibility of local planning authorities; and they have been asked to ensure that more land is forthcoming.

30. The crux of the land problem lies in the great city regions. In England and Wales these are London, West Midlands, Merseyside and South-east Lancashire; in Scotland, central Clydeside including Glasgow. The Government have already assessed the land needs in these regions, both for public and private housing, until the early seventies, and have announced measures which should provide sufficient land for substantially increased building programmes over the next 10 years. For Birmingham, Liverpool and Manchester, the Minister of Housing and Local Government’s statement in the House of Commons on 19th February included proposals for new towns; for better progress with selected town expansions; for intensified re-development of cleared areas inside the cities; and for provision of some extra land, if necessary, on their outskirts. For Glasgow, the Scottish new towns and other overspill schemes will continue to play their part; within the period the Livingston new town will make a substantial contribution. For London, the measures in hand were explained in the White Paper on London (Cmd. 1952).

31. For the longer term—up to about 1980—regional studies are being made by the two Planning Departments. That for the south-east region is well advanced and provisional conclusions should be published later this year as a basis for consultation with the local planning authorities. Those for the midlands and north-west will follow. These—together with the study of the north-east under the Lord President of the Council, and that of central Scotland being carried out under the direction of the Secretary of State—will result in regional plans, taking into account employment prospects, transport needs and other relevant requirements, and making specific proposals for the localities where large-scale development, public and private, will be encouraged.

Owner occupation

32. Building for owner occupation climbed from 22,000 in 1951 to 175,500 in 1961. Although 1962 saw a small drop to 173,000, the total of lending for owner occupation, including the acquisition of existing houses, was higher in that year than ever before. Within a rising programme of house-building the Government aim at maintaining the growth of building for owner occupation.

33. The Government have had discussions with representatives of the Building Societies Association about the possible need for giving more help to people in a sound financial position—for example young people with good prospects—who are anxious to buy a house but find it difficult to put down a deposit of more than 5 per cent of valuation and to make repayments on a 20-year basis. Until recently building societies have had difficulty in meeting all demands for mortgages for house purchase. Funds available to them for lending are now more plentiful, and most societies to-day are prepared to make advances of up to 95 per cent of valuation,
repayable over 25 years. Some will lend for 30 years, particularly to younger people. The representatives of the Association have agreed to recommend to their members that they should make every effort to put owner occupation within the reach of everybody who wants to own a house and who is in a position to shoulder the cost if reasonably spread. They have also agreed to encourage member societies to support the improvement of older houses by lending to owners their share of the cost of improvement works carried out with the aid of grant.

New housing to let and for co-ownership

34. Post-war building has almost all been either for owner occupation or for letting by public authorities. Hardly any provision has been made for those—the younger salaried people and the higher wage-earners—who may not be able to buy a house on the ordinary mortgage terms, or who may prefer to rent, though neither wanting nor needing a council house. Lack of modern houses to rent has also made it harder for workers to move from one part of the country to another.

35. Even allowing for easier mortgage terms, there will still be many people who want to rent a modern house and who are able to pay what it costs, but who are not attracted by ownership. Since the war there has been almost no building to let other than by public authorities. Fear of rent control, and of the problems associated with management, maintenance and repair, has discouraged private investment. The result is a gap in housing provision; and this the Government intend to see filled.

36. Housing societies.—They believe that for this purpose the right thing is to encourage the development of trust ownership, under which houses can be provided at cost and properly managed. The possibilities have already been demonstrated. In the Housing Act, 1961, and in the Housing (Scotland) Act, 1962, the Government provided funds of £25 million and £3 million respectively to be used for advances to be made to housing societies which would provide houses to let; and at the same time reinforced the National Federation of Housing Societies so that they could advise and help societies taking advantage of the scheme. Good progress has been made. By the end of April projects involving a total commitment of £5 million had been approved, and proposals entailing a further £3 million were under consideration. Other projects are known to be in preparation. Houses built with money advanced under the scheme can be let at rents between £4 and £7 a week, exclusive of rates. These rents are cost-rents: that is, there is neither profit nor subsidy. It is already clear that there is a demand for houses at such rents, and the Government have decided to encourage an expansion of the housing society movement.

37. The building societies can play a major part in this new development. A few societies have indeed already shown willingness to lend money to housing societies building to let, and the Government now want to enlist the support of the whole building society movement. Discussions have taken place with representatives of the Association, and they have agreed to recommend that societies should co-operate in the following scheme.

38. The Government propose to establish a Housing Corporation with the function of stimulating the development of housing societies which will
provide and manage rented houses, or houses on a co-ownership basis. The aim will be to secure the formation of strongly organised societies operating (with paid staff) in the main centres of population, each capable of undertaking a series of building schemes and managing a substantial number of dwellings.

39. For ordinary letting schemes, housing societies will usually need to borrow the full cost, and in order to keep the rents within the reach of their clients they will need to spread repayment over at least 40 years. They will charge rents sufficient to cover loan service, and costs of maintenance and management. In co-ownership schemes, intending occupiers form their own separate society and take shares in it. Individually they make a small initial contribution, say 5 per cent of the cost, and collectively borrow up to 95 per cent. Again they must be able to borrow for at least 40 years. They are collectively responsible for repayment, maintenance and management. The individual householder is thus something between a tenant and an owner-occupier; his shares confer a right to occupy which is transferable with the shares; and if he wants to move he can assign his shares to a new occupant or surrender them to the housing society. Provision is made in the Finance Bill for giving members of approved co-ownership societies tax relief on mortgage interest payments in the same way as owner-occupiers.

40. The housing societies will raise loans on mortgage from the building societies, as do owner-occupiers—but repayable over a longer period. The Building Societies Association believe that many of their members would be ready to lend two-thirds of the money needed by a housing society for a building scheme if the remaining third can be found; and agree that 40-year loans would be reasonable to housing societies. The Government propose to make money available to the Housing Corporation, by way of loans at current rates of interest, so that they can lend to approved housing societies the balance needed, taking a second mortgage. Sufficient money will be provided to allow for a steadily rising programme over several years ahead. The Corporation will be empowered to lend more than a third of the money if satisfied that there is a case for doing so; but the expectation is that the greater part of the money required by the housing societies will come from the building societies and other private sources.

41. It is proposed that the Corporation be given power to acquire land by agreement in order to make it available to housing societies. They will be enabled to lay out land in readiness for development. It may also be thought right to give the Corporation a reserve power to buy land compulsorily, subject to adequate safeguards.

42. The Government believe that there could be a great future for a housing society movement in this country. Housing associations have done much for housing in the past, but mainly by way of philanthropy for the poor, or for particular groups, or for those who are handicapped in some way. What is proposed here is the development of a housing society movement which will build and manage houses for people at large who are able to meet the cost. Once societies have been established they might well extend their activities to taking over and managing existing rented houses where management by a trust would be appropriate.
43. With all that may be done by way of maintaining the growth of owner-occupation and encouraging the development of housing societies, there will still be a need for a larger local authority programme, building for those who cannot meet the full cost of housing, and tackling the comprehensive re-development of slums or blighted areas.

44. The public authority share of the housing programme has been increased, and will be further increased, to enable the authorities with slums to speed up the rate of clearance. In 1962 local authorities and new town corporations completed 124,000 houses, and started 140,000. In 1963 they will do more. No restraint on the number of starts is being placed on the authorities with large numbers of slums to clear, though plainly they should not start more than the building industry can deal with efficiently.

45. Slum clearance: England and Wales.—When slum clearance was resumed in the mid-fifties, there were slums in all the older industrial towns and in many urban and rural districts as well. Most of the local authorities with relatively few slums are by now in sight of clearing the lot, some having already done so.

46. It is in the great slum concentrations of the congested industrial towns of the midlands and the north that the real difficulties still remain. Towards the middle of 1962, the Ministry of Housing and Local Government began a drive to secure a much accelerated rate of clearance in these towns. A Northern Housing Office was opened in October in Manchester to help selected towns in the north, while help for midland and other authorities is being given direct from the Ministry's headquarters. Nearly all the authorities concerned have now agreed that they can and will go much faster. To achieve this they will have to step up their output of houses both by rationalisation of traditional building methods and by making use of industrial systems. This will mean working together in the placing of orders, and groups are being formed for this purpose. The Manchester Housing Office is in close touch with the local authorities, advising them on technical methods, settling proposals, and giving a lead in the formation of groups. A second office will shortly be established in the north-east to take over responsibility for accelerating both slum clearance and general house-building in that region. Special action has also been taken by the Welsh Office of the Ministry to speed up slum clearance and new house-building in the Principality. The pace of both is rising and will rise still further.

47. In order to assure continuity of work the Department have agreed five-year building programmes with the local authorities, many of whom will more than double or treble their rate of house-building. In total the northern authorities concerned are aiming at an annual output double their average annual output for the three years 1960-62. The programme will be reviewed in the light of progress and those who can do so will be encouraged to go still faster. In the next 10 years most English and Welsh authorities, except for a few big cities with an overwhelming proportion of slums, will have cleared all the houses identified as unfit in 1956 and will have started to tackle the houses which have been found to be unfit since then.

48. Slum clearance: Scotland.—No restriction has been or will be placed on the number of houses which local authorities can build each year for
housing families from unfit houses and the Government will continue to give
every encouragement to stepping up the rate of slum clearance. The main
object is to speed up the rate of house-building on which in turn depends the
rate at which unfit houses can be cleared and replaced. A special effort has
been made to increase housing output, by encouraging co-operation among
housing authorities and the use of new building techniques.

48. Since the beginning of 1955 when the Scottish slum clearance
programme was resumed following the passing of the Housing (Repairs and
Rents) (Scotland) Act, 1954, Scottish local authorities have taken out of use
about 91,500 unfit houses. In their current programme for the three years
1962 to 1964 they propose to deal with about 40,000 houses. The Government
will seek to secure a still faster rate of progress in subsequent years.

49. The elderly.—Authorities are also being encouraged to increase the
rate of building for the very many elderly people who look to them for
housing. In 1962 local authorities and new town development corporations
built about 32,000 houses and flats of the one-bedroom type—more than a
quarter of all the dwellings they completed—and, by the end of the year,
they had at their disposal about 380,000 dwellings of this type of which
about 233,000 have been built over the last ten years.

50. This is still not enough. Many more houses for the elderly will have
to be built, and in greater variety than now to meet their special needs.
Many old people find it difficult to live without help in bungalows or flats
of the orthodox kind. They may be better suited by grouped flatlets:
small places which are easier to work and in which, whilst still living behind
their own front door with their own belongings, they can enjoy the benefit of
some communal services maintained by a warden for the whole block.

51. This is a field of activity in which close collaboration between the
authorities, whether central or local, who deal with housing and with the
health and welfare services is indispensable. This is not simply because the
elderly are by their nature likely to need help from the health and welfare
services provided for people in their homes. Properly designed housing—
notably the special flatlets described above—not only enables many of the
elderly to retain a measure of the independence which they value so highly,
but reduces the demand for places in residential homes provided by welfare
authorities. The accommodation provided under the two programmes must
be planned and kept in proper balance. Housing authorities will, therefore,
need to work in close association with the other bodies who are concerned
with the provision of accommodation and other services for the elderly.

52. The Government will continue to encourage local authorities and
housing associations to keep up a large and diversified housing programme
for the elderly. But, as the recent White Paper* on the health and welfare
services said, "the right provision of residential accommodation will only
be attained if the whole range of housing, health and welfare services on the
one hand, and the hospital service on the other, make their proper contribu-
tion, in co-operation with each other". To make this possible more
information is required on the physical and social condition of old people

* Cmd. 1973, presented to Parliament by the Minister of Health in April 1963.
and the assembly of such information will be a major feature of the long-
term planning which is being undertaken by the Health and Housing
Ministries.

Improvement, maintenance and repair

Improvement

53. When in 1960 the Government succeeded in raising the rate of
improvement with grant aid to 135,000 houses a year, they hoped that
progress upwards would continue. In fact the rate has not been maintained.
In 1962 only 115,000 houses were improved with grant. The Government
intend to secure better results; they will aim at stepping up the rate to
between 150,000 and 200,000 houses a year, thus securing the improvement
of a further 1½ to 2 million houses over the next 10 years.

54. In August 1962 the Minister of Housing and Local Government
asked local authorities to try a more systematic approach to the problem,
tackling improvement street by street, or area by area (Circular No. 42/62).
Two or three authorities had already found that this produced better results.
Many authorities are now adopting this approach, coupled with increased
publicity. It is too soon yet to say what success may be attained by a drive
for area improvements; but the Association of Municipal Corporations have
represented that for real progress a measure of compulsion is needed.

55. The Government propose to provide for this. It seems to them right
to insist that every house with a reasonable life still ahead, and capable of
being so improved, should have at least hot water, a fixed bath or shower,
a wash hand basin, a lavatory, a proper food store—the five “standard
amenities”.

56. Half the cost of installing these, within a maximum figure, will
continue as at present to be contributed from public funds; and the Govern­
ment will discuss with the representatives of local authorities the proposal
that authorities should be required to lend to owners, if they need it, their
share of the capital cost including the cost of repairs. Given these con­
ditions, and with the right to charge additional rent up to 12½ per cent of
their half of the cost of the improvements, it does not seem that any hardship
would be entailed in requiring owners to carry out improvements.

57. The Government intend, however, that the obligation to improve
should take effect only on a change of occupation—or, in the case of a
rented house, when the tenant asks for it. They recognise that some people,
particularly older people, who may have lived in their houses for many years,
do not want to be disturbed, perhaps do not want to give up a room for a
bathroom, are content with their house in the way they have always known it.
But there can be no reason why, on a change of occupation, every house
capable of taking them should not be provided with the minimum amenities
now generally accepted as necessary to proper living conditions.

58. It cannot all be done at once; but, in addition to individual improve­
ments undertaken at the request of the sitting tenant, the Government will
ask local authorities to tackle suitable areas or streets as a whole, declaring
those to which the obligation to improve would apply. It would be open to
owners, whether the initiative is taken by the tenant or by the local authority, to object that a particular house was not capable of improvement within the maximum cost, or was not worth improvement; and a right of appeal to the Courts would be provided. If the house is worth improvement but for some reason the owner does not feel able to carry it out, the authority would be empowered to do it on his behalf and recover the cost from him. Encouragement would of course continue to be given to all owners to apply for grants whether their house is included in an "improvement" area or not.

59. **Partial improvement**—There are some houses which are not physically capable of full-scale improvement, but which will continue to be occupied for at least another 15 years. For many of these something could be done to make them more comfortable: hot water could be provided; a proper food store; possibly a shower-bath. Relatively small expenditure could, in many cases, make a big difference. Partial improvement is not however at present statutorily eligible for grant aid under the existing statutory provisions. The Government propose to amend the law so as to enable owners, in appropriate cases, to obtain proportionate grant for less than full improvement; *i.e.*, for improvement falling short of the five standard amenities. They would not propose that partial improvement of individual blocks should be made compulsory.

60. **Tenement blocks**—Then there is the special problem of tenement blocks. These in Scotland comprise the majority of houses in need of improvement, and in England provide accommodation, although of a low standard, for a large number of people close to their work in areas where, because of the existing high density and land difficulties, there is little prospect of early rehousing. Many of them though far from satisfactory are not slums—in the sense that they are unhealthy to live in. They are still structurally sound and are likely to remain in use for a good while. Improvement, even if full-scale improvement is not practicable, and good management, could make living conditions in these blocks much better than they are at the present time.

61. To get improvement of these tenement blocks will call for a variety of action. In some cases, though not often, full-scale improvement may be possible within the existing dwellings. On the other hand, it may not be reasonable or practicable to improve some of the dwellings without doing all of them, *e.g.*, because of interference with common services. In this event the Government would think it right to provide for compulsory improvement in suitable cases, *e.g.*, where the majority of tenants in a block in single ownership are in favour.

62. There will be many cases where full improvement is impossible for physical reasons and the most that can be done will be partial improvement. But often this will be well worth doing and where the tenants, or a majority of them, in a block in single ownership want this, the Government think it would be right for owners to be required to make such minimal improvements as are reasonable.

63. In many cases full improvement is practicable with a reduction in the number of dwellings and the rehousing of some of the tenants elsewhere. This is particularly the case in Scotland, where there is the additional
complication of multiple ownership of the tenement blocks. Few owners are in a position to provide alternative accommodation unless they can get help from the local authority. In these special circumstances, where rehousing is involved, or where multiple ownership prevents progress even on partial improvements, the only effective course may well be for the local authority to take over the property and do the improvement themselves or, in Scotland, arrange with the Scottish Special Housing Association to do so.

64. Management and repair of these blocks is no less important than their improvement. Many private owners of the tenement blocks manage them with proper consideration for their tenants. But not all tenement owners are doing this; and the Government now propose to require observance of a code of good management on lines similar to those laid down in the Housing (Management of Houses in Multiple Occupation) Regulations, 1962.

65. Slums not for early clearance.—Finally, there are the slum houses some of which, in the biggest concentrations, must still continue to be lived in for some years, despite the increased rate of clearance. Only the local authorities can deal with these; but they can make life more tolerable for the tenants, pending re-housing, if they will buy the houses before they are ready to clear, do whatever is necessary to make them dry, weather-proof and clean, and provide them with whatever is practicable in the way of basic amenities. In the Housing Repairs and Rents Act, 1954, the Government provided a grant towards the cost of work of this kind, but the grant is now inadequate and it will be increased.

66. A major drive on improvements will throw a good deal of work on to some local authorities. The Government believe that the authorities are fully capable of undertaking this provided that they plan a forward programme. The whole subject will, however, be discussed with the representatives of authorities before legislation is formulated. There will also be discussions with the representatives of owners.

Repair and maintenance: rented houses

67. The problem of ensuring a proper standard of repair and maintenance of rented houses is a general one. Unless houses are kept in a proper state of repair they may quickly degenerate into slums and have to be replaced at public expense.

68. Owner-occupiers in general look after their houses well. So do many landlords—but not all. If suitable means can be devised, the Government believe that it would be right to insist that all privately rented houses should be kept in a proper state of repair, having regard to their age and condition and to what can be done at reasonable cost. There are obvious difficulties in the way, both legal and administrative, and various possibilities are under consideration. These will be discussed with the representatives both of the local authorities and of the property owners.

Urban renewal

69. Urban renewal involves most of the tasks discussed above: slum clearance; improvement; a proper standard of repair. It also involves the
enormous tasks of replacing the older and more depressed residential areas; of accommodating the immense traffic increase expected, and of reconciling this with a good living environment. These all combine to form the biggest challenge urban planning has to meet: much of it is outside the scope of this Paper.

70. But housing plans for the next few years must provide for an early start to be made on replacement of the worst of the older decayed or blighted houses. These houses could well decline over the years into a second generation of slums. For them, clearance and replacement is the only solution.

71. Clearance and replacement of houses that are not slums is bound to be a long-term process. It cannot take precedence over the clearance of houses that are already slums, or claim resources which at this stage must go into relieving housing shortages. Towns that are faced with the heavy tasks of slum clearance and building for current needs cannot yet start to make inroads into the replacement of obsolescent houses that are not unfit. But the authorities need to start now to make plans for re-development—many indeed have done so—so that as in each town these more urgent needs begin to be met, it will be possible to start immediately on the replacement of the older houses and the creation of a new environment.

72. Renewal of these blighted areas is a task for private enterprise and local authorities in partnership. The balance of public and private participation has yet to be worked out, but the job is so vast and complex that it is clear that it cannot be left to either agency alone. Before private enterprise can make an effective start it will often need help in assembling a sufficient area of land to do a worthwhile job. The private developer may sometimes want help in the re-housing of tenants who have been living in low rented houses and who may need assistance towards the rent of a new house. The cost of acquiring and clearing the land may be heavy, especially where there are existing industrial or commercial premises which impede proper re-development.

73. The technical difficulties are formidable; and the Ministry of Housing and Local Government have begun a study of them. To assist in the study arrangements have been made for some pilot schemes to be prepared jointly by local authorities and private developers. The aim in each case will be to try to produce a re-development scheme likely to be acceptable to both the authorities and the developers, and to provide modern housing and neighbourhood conditions. On these studies will be founded proposals for practical solutions; and the Ministry intend to produce advice and, if necessary, proposals for altering the law which will enable re-development to go ahead as soon as each town has mastered its shortage and cleared most of its slums. There is no sense in deliberately pulling down houses, other than those which are slums or which stand in the way of necessary re-development, while there remains in the town a shortage of houses. But as soon as that shortage is overtaken then resources can be switched to the parallel tasks of building for a rising population and replacing the twilight areas, while the final stages of slum clearance are still being completed. The difficulties must be surmounted since these areas cannot be left to decay still further until they have to be condemned as no longer fit to live in.
The cost of housing

74. Housing has to be paid for. Standards are rising; and as the proposals in this Paper are implemented they will rise much more—as indeed they need to do. In 1962 a sub-committee of the Housing Advisory Committee (the Parker Morris Committee) recommended that new houses, whether public or private, should be built to higher standards, especially in floor space and in heating; and there is no doubt that many people want better houses. They will cost more. If old houses are to be repaired, properly maintained and improved, that will cost money. The cost has to be met.

75. Years of rent control, years of subsidy too often indiscriminately used, have obscured to many people the real cost of housing. Unless the real cost is faced the country will never achieve a healthy housing position. Sufficient new houses will never be built if people are led to expect that houses can be had at less than their cost, regardless of ability to pay.

76. In a free country the householder must be prepared to meet the cost of his house where he is able to do so. Otherwise he will have little freedom of choice. The Government believe that most householders are willing to meet the cost—witness the growth of owner occupation—provided that they get a good house. Public funds should be made available where that is necessary to get houses improved or to get new houses built; indeed, the Government have accepted and will continue to accept that some assistance from public funds should be given to all who will undertake improvement or conversion of suitable houses—but generally people must be prepared to pay the cost. Only those who genuinely cannot do so should be helped.

77. The growth of owner occupation has done a very great deal to secure better housing standards. Owners of rented houses cannot keep them in proper condition, still less replace them, unless adequate rents are paid. The relaxation of rent control, though it has created problems, has done much to improve the standard of houses. The difficulty is that unless and until there are enough houses to give the tenant some freedom of choice, some owners may neglect their obligations and some may drive the rents higher than is reasonable. The only complete answer to this is to have enough houses for a free market. Freezing rents by control freezes the market, and simply discourages both letting and good maintenance. Nevertheless until supply does match demand there is here a very difficult dilemma; and the Government will consider this further when they have the results of the survey which is to be made of London housing (paragraphs 48 and 49 of White Paper on London: Cmnd. 1952).

78. One thing is clear. If the rents of private houses are held down below a reasonable level the houses will not be maintained, and they will not be replaced. [In due course the rents of houses remaining in control must be allowed to rise to a level which will enable the owners to keep them in good repair.] If the rents of municipal houses are held down below a reasonable level, regardless of the tenant's ability to pay, the drive to raise the standard of housing all round will never make the headway which everybody wants. The many who shoulder the cost of their houses, whether as owners or tenants, cannot be expected to continue indefinitely

The Government do not envisage any further block decontrol; but in due course when obligations come to be placed on owners to keep their houses in good repair, the rents must be allowed to rise to a level which will enable them to do this.
subsidising all the rest, whether they need it or not, and without regard to the extent of their need. Moreover, too wide a gap between municipal rents and the economic cost of comparable private property removes the incentive to stand on one’s own feet. The Government believe that the people of this country will willingly meet whatever cost has to be met in providing a good house for every family; but only if the cost is fairly shared.

Subsidies

79. The Minister of Housing and Local Government [has invited] [proposes to invite] the representatives of local authorities in England and Wales to join with him in a complete overhaul of housing subsidies. He [has proposed] [will suggest] that this should start with a thorough examination of the finance of local authority housing: the cost to a representative selection of authorities both of the houses they own and of those which they must build over the next several years; the level of earnings in the different areas against which the rent-paying capacity of tenants can be judged; and what, having regard to this, the different authorities require by way of subsidy to enable them to build what houses they need to build and still to let their houses to tenants at rents which they can afford. The Secretary of State also proposes to initiate discussions with the representatives of local authorities in Scotland to examine the workings of the Housing (Scotland) Act, 1962, and to review the whole subsidy situation on similar lines.

80. The Government adhere to their declared policy that while no one in genuine need of a house should be asked to pay more rent than he can reasonably afford, subsidies ought not to be given to those who do not need them. It follows that in considering what subsidy is required the Government must assume that local authorities will charge rents properly related on the one hand to the cost of the housing, on the other to the ability of the tenants to pay. Hundreds of authorities have shown that rent rebate schemes can be worked fairly and without difficulty; and nothing is more unfair whether to tax or rate-payer, than that he should be compelled to subsidise the rent of a tenant who does not need it—or to an extent that he does not need—while himself often no better off and in many cases having to pay a higher rent or to meet mortgage payments.

81. But given the assumption that proper rents are charged, subject to rebates for those who need them, the Government will be prepared to see that local authorities receive whatever subsidy they need to carry through their housing responsibilities and to plan ahead with confidence.

Conclusion

82. Here then in outline are the Government’s proposals for expanding the provision of housing in this country and raising it to a higher all-round standard than ever before. Collectively they will give a new impetus to our housing effort.

83. The pace of new building will quicken. More and better houses will be built and in greater variety. Sufficient land will be made available so that local shortages can be overcome. The growth of owner-occupation will be fostered. Local authorities with remodelled subsidies—based on proper rent policies—will be helped to clear the remaining slums much more quickly and
to provide for the elderly and others who need to look to them. The range and rate of improvement will increase. An attack on the older blighted residential areas will be prepared, and launched as each town gets rid of its slums and masters any shortage. Finally a new arm of housing—housing societies supported by the building society movement and by a Government financed Housing Corporation—will be brought into action to provide homes without subsidy and without profit for letting and for co-ownership.

84. Legislation needed to implement the Government's proposals will be introduced as soon as practicable.