CABINET

HOUSING PROGRAMMES 1965-70: DRAFT WHITE PAPER

Memorandum by the Secretary of State for Wales and the Minister of Housing and Local Government:

We seek the Cabinet's approval to early presentation of a White Paper in the terms of the draft circulated herewith.

2. The White Paper is intended to serve two main purposes:

(i) to set out the measure of agreement reached in the discussions the Minister of Housing has had over the past several months with representatives of the builders and the building societies, local authorities and insurance companies about arrangements to use the level of mortgage advances as a means of regulating the volume of private house-building; and

(ii) to explain and put in perspective the Government's decision to increase the amount of subsidy on housing provided by public authorities.

3. We hope that it will be possible to present the Paper during the week beginning 22nd November. The date of presentation will determine commencement of the new subsidies, to be provided for in the Bill we hope to introduce early in December; and as some authorities appear to be holding up submission of housing proposals the sooner the White Paper can be issued the better.

4. Since the draft paper was prepared we have thought it advisable to include some more specific reference to Wales. We suggest insertion of the annexed additional paragraph after paragraph 7.

5. The Secretary of State is proposing a separate White Paper for Scotland.

J. G.
R. H. S. C.

Whitehall, C. W. 1.

12th November, 1965
8. In Wales despite the fact that houses are being completed in record numbers at the present time there is still a very considerable housing problem - in the larger towns, in the older industrial areas, and in rural areas. The immediate problem of the shortage of dwellings, the replacement of unfit dwellings and the provision of dwellings for the growing number of families and to encourage industrial mobility must be tackled with even greater vigour than has been shown in recent years because the 1970's will bring Wales face to face with the big and difficult task of replacing unfit houses in very large numbers. Table 17.2 in the National Plan\(^{(1)}\) shows that the percentage of dwellings over 80 years old is higher in Wales than in Scotland or in any region in England. Whilst some of these dwellings are capable of improvement to bring them up to modern standards there can be little doubt that the bulk of them will have to be replaced. This points to an urgent need to increase still further the annual housing programme in Wales, and this will be done in line with the increase planned for England and Wales as a whole.

\(^{(1)}\) The National Plan (Cmnd. 2764) Chapter 17.
THE HOUSING PROGRAMME 1965 to 1970

THE OBJECTIVES

Half a million houses a year

1. As was announced in the National Plan (1), the Government intend to give a greater priority to housing than it has had for many years. The rate of building will be pushed up as fast as resources and improving techniques allow. In 1964, 383,000 houses were completed (United Kingdom). The first objective is to reach half a million houses a year by 1970. Even that, however, will not be enough; partly because of the accumulated pressure of bad and insufficient housing; partly because as standards of living rise, families will demand and be prepared to pay for more space and better housing. The 1970s should see still bigger programmes.

2. By comparison with the performance of other Western European countries, a programme of half a million houses a year within 5 years is modest (2). There are always difficulties in making such comparisons - quality of building and standards of space come into the reckoning as well as numbers. Needs, too, vary in both extent and kind from one country to another. However, the number of new dwellings built annually per 1,000 population does give some broad basis for comparison. On this basis, the U.K. record has in recent years been almost the worst. Sweden and West Germany in 1961-63 both built more than half as many houses again as the U.K. in relation to population. The evidence suggests that the most successful housebuilding countries lead the U.K. at least partly because they have chosen to devote a greater proportion of their national resources and of their capital investment to housing.

(1) The National Plan (Cmnd, 2764) Chapter 17.
(2) See Appendix 4.
3. A target of half a million houses a year is also modest in the light of the housing needs. In Great Britain some 3 million families still live either in slums, in near slums or in grossly-overcrowded conditions. At present information about needs is inadequate; and of course they differ in different parts of the country. Information is being improved. Broadly, however, the requirement for new houses over the next few years can be summarised as follows:

**needs existing now**

(i) about 1 million to replace unfit houses already identified as slums;

(ii) up to 2 million more to replace old houses not yet slums but not worth improving;

(iii) about 700,000 to overcome shortages and provide a margin for mobility.

**needs arising annually**

(iv) 30,000 a year to replace the loss caused by demolition - road widening and other forms of redevelopment; and

(v) 150,000 a year to keep up with new households being formed in the rising population.

4. These broad estimates are based on the housing standards applied in recent years. Housing standards will rise as standards of living rise, and the estimates represent minimum requirements. Even so, they show that getting on for 4 million houses are required now to replace slums and near slums and to meet shortages. In addition there is a continuing need for some 180,000 new houses each year just to keep up with the growing number of households and losses from demolition.

5. In order to reach the half million figure there must be a common plan to which all concerned with housebuilding can work. Such a programme is large both in relation to the existing capacity of the housebuilding industry and by comparison with past performance. Housing, which occupies over 40% of the

(1) See Appendix 3.
labour force in the construction industries (some two-thirds in new housebuilding) is the biggest single element in the demand on those industries; and it is, of course, in direct competition with numbers of other building programmes which are of great economic and social importance. In the last four years, the annual rate of housebuilding in the United Kingdom has risen very steeply - from 303,000 in 1961 to 383,000 in 1964. This increase was not achieved without considerable overheating of the construction industries and the consequent slowing down of completions owing to shortages of labour and materials. A further big increase by 1970 - from under 400,000 to 500,000 - will be a formidable undertaking. It is plain that growth at this rate can only be steady and continuous if the Government lays down a clear system of priorities and bases a plan of action on them. This plan must take account both of the variety of differing needs, in differing regions, and of the available resources; and if it is to succeed it must command the confidence of all concerned in housebuilding - especially the construction industries, the building societies and other finance agencies, and the local authorities.

Regional implications

6. The circumstances of housing in Scotland differ in a number of ways from those in England and Wales, and this affects the nature of the Government action required. The remainder of this paper is concerned with England and Wales (as are all the figures, unless otherwise stated); the programme for Scotland is the subject of a separate paper which is being presented concurrently by the Secretary of State(1).

7. Housing conditions are much worse and the need for additional housing more acute in some parts of England and Wales than in others(2). It will be the Government's aim to increase the building programme fastest in the regions where housing needs are greatest - where existing housing is exceptionally bad or

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(1) Reference
(2) See National Plan: p.173 and Table 17.2
inadequate or where new housing is wanted to assist economic growth. As was stated in the National Plan the public housing programme will be geared to the needs of the different regions; and in addition the Government will discuss with the representatives of building societies and builders how the rate of building for owner-occupiers might be increased in the regions where house ownership is relatively small. There is still a great deal of work to be done on identifying regional and local housing needs, and in doing this the Government will expect to have great help from the Economic Planning Councils.

Balance between houses for owner occupation and houses to let

6. As has been said above, a common plan is needed in order to reach the half million figure. It is also needed to ensure that a proper balance is maintained between building by private developers, mainly for owner occupation and building by public authorities to let. In the last 15 years the balance has fluctuated wildly; as is illustrated in the accompanying graph. The fluctuations have not reflected any considered view of housing needs. Private enterprise has built as many houses as it could sell — within the limitations imposed by scarcity of building land in the areas of keenest demand. Public authorities have built what they could afford with the aid of subsidies whose value has steadily been eroded by rising costs. 9. The question what balance should be aimed at between building for owner-occupation and building to let is obviously difficult; and the answer can only be a matter of judgement. But the judgement has to be made. Unless it is made, and both public authorities and private agencies know what number of houses they are expected to build, there is no guarantee that the total programme will be carried out. Performance may fall short, or it may over-run; and if it over-runs, builders in both sectors will simply find themselves competing for scarce labour and materials — beset by all the familiar troubles associated with over-loading. The Government have in any event to settle the size of the public programme — that is, the number of houses they will authorise public authorities to build; and they must do this, within limits, for some years ahead in order to give local authorities the forward programmes they need for efficient forward organisation. In deciding this the Government must make the best judgement they can of what, within the total
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GREAT BRITAIN

THOUSANDS

All Dwellings

Public Authorities

Private Sector

programme, would be a reasonable division between the public and the private sectors, having regard to the social needs.

10. There is a large and increasing demand for more houses for owner-occupation. In 1951, about 3,800,000 out of 12,390,000 dwellings were owner-occupied - 31% of the total. By the end of 1964 the proportion had risen to 47% - 7,200,000 out of 15,370,000. Part of this increase resulted from the growing number of new houses built for sale each year; the annual rate rose from 21,000 in 1951 to 210,000 in 1964, and during the 14 years 1,700,000 houses were built privately. Part was due to a turnover of existing rented houses to owner-occupation. Since the Rent Act of 1957 a million houses have fallen out of private renting, often sold either to sitting tenants or to young couples in search of a house. This active demand for home ownership shows no sign of abating, and the housing plan must meet it. Indeed it must go further, and take account of what is probably an even larger suppressed demand for owner-occupation among the many families who cannot quite afford a mortgage on present terms.

11. While the Government must provide for a steady growth of building for owner-occupation, it would be criminal, at the present time, not to allow for an even faster growth of building to let. Shortage falls heaviest on those least able to pay a high price for their homes. The families in the really bad housing conditions - in the slums, overcrowded, in multi-occupation - are, in general, families who can only afford to rent, and who in most cases can not afford to pay an economic rent. The growing number of separate households also presses hard on what rented housing there is; for many young couples and for many old people owner-occupation is not possible. In particular, the conditions of housing in big cities make the provision of a large pool of houses to let at rents below the profitable level an urgent social necessity.

The Milner Holland Committee which reviewed the London Housing situation said(1):

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"There is an acute shortage of rented housing in London and many difficulties and hardships arise from it. The number of households whose housing conditions cause hardship is substantial, and greatest in Inner London; and we have identified certain areas where, contrary to the general improvement in conditions, hardship is severe and increasing. The people most affected are those with low incomes who have neither a controlled nor a council tenancy—families with several children, newcomers to London, and a smaller but growing number of elderly people."

12. The experience of recent years has clearly demonstrated that the shortage of rented accommodation will not be overcome by a revival of private landlordism. In 1957, immediately before the Rent Act, the number of privately rented houses numbered some 4½ million. By the end of 1964, the total had dropped to less than 3½ million. De-control failed to increase the pool of private rented houses; it did not even halt its decline. This would have mattered less if the provision made by public authorities, who build almost entirely for letting, had matched the need; but in fact public sector housing programmes have been quite inadequate. From 1951, when 150,000 houses were built by local authorities, public sector housing rose to a peak of 221,000 in 1954. Then it fell away year by year until it reached the low level of 98,000 in 1961. From this it has risen to 126,000 in 1964. Meanwhile in the private sector there has been practically no building to let. The conclusion is clear. We are faced with an ever growing shortage of accommodation within the means of poorer families; and the growth of owner-occupation can do very little to relieve it. The only remedy is an increase in public sector building.

13. The Government have considered what the aim should be in the public sector over the next 5 years, and have concluded that public authorities should be producing somewhere near 250,000 houses in 1970 (U.K.) with the new subsidy arrangements (see paragraphs 30 to 34 below) the public
authorities should be able to achieve this. Already a start has been made on a rising public programme, and public authorities will build substantially more houses next year than this.

14. But once the country has overcome its huge social problem of slumdom and obsolescence, and met the need of the great cities for more houses let at moderate rents, the programme of subsidised council housing should decrease. The expansion of the public programme now proposed is to meet exceptional needs; it is born partly of a short term necessity, partly of the conditions inherent in modern urban life. The expansion of building for owner occupation on the other hand is normal; it reflects a long term social advance which should gradually pervade every region.

15. The Government have discussed the proposed overall house-building programme, and its broad division between houses for sale and houses to let, with the representatives of the building societies and of the builders. Both societies and builders recognise the advantages of forward planning; and they welcome the Government's intention to increase the total production of houses to half a million a year by 1970. They have stressed that if this target is to be achieved the confidence of private house builders needs to be strengthened, particularly in relation to the availability of land (on which see paras. 21 to 25 below); and the Government accept this. It is a main object of the present plan to give confidence to all concerned in housebuilding.

16. The representatives of the building societies and the builders have also accepted the Government's intention to achieve, over the next few years, a rising public programme to deal with the slums and urban renewal and to meet the needs of the great cities for more rented houses; provided that targets are flexible and subject to a tolerance - which so far as the private sector is concerned they thought should be 10% or so on either side.

17. It is the Government's intention that the total housebuilding programme, and its broad division between houses for owner-occupation built by private developers and houses to let built
by public authorities, should be kept under regular review with the interests mainly concerned - the builders, the building societies and the local authorities. The representatives of the building societies and the builders agree that this should be extremely valuable to all concerned in the formulation of future programmes. If it appears in the course of the reviews that still better progress could be made without over-heating, the forward programmes could be increased. Equally of course if there are signs of over-heating they may have to be slowed down. A watch will be kept on the balance between the public and the private sectors and the extent to which they are satisfying needs; and if it seems that changes should be made in the balance envisaged for future years, that can be discussed and the forward programmes can if necessary be adjusted. Neither the total programme nor the balance can be precise or immutable; they are intended as an indication of what the Government believe should be achieved and a basis on which all concerned can plan with confidence their own contribution.

THE PLAN FOR ACHIEVING THE OBJECTIVES

18. The essential requirements for carrying through the programme outlined above may be summarised as follows. Some of the requirements affect both the private and the public sectors; some relate mainly to the private sector; some to the public.

(a) control of less essential building to give housing top priority - along with industrial building, schools and hospitals;
(b) expansion and modernisation of the construction industries;
(c) making the necessary land available in good time;
(a) machinery for reviewing the forward programme and for settling the balance between houses to let and houses for owner occupation.

(e) measures for ensuring that quantitative increase of houses built by private developers for sale is accompanied by a steady improvement in quality as well as protection for the owner-occupier against jerry building;

(f) stimulation of the planned growth of owner-occupation by financial measures designed to widen its economic basis.

(g) re-organisation of the subsidy system to provide a sound financial basis for public authority housing, and to ensure that the new more generous subsidies are used to improve the quality as well as the quantity of this housing;

(h) measures to enable local authorities to take full advantage of industrialised building, and so to increase the output of the housebuilding industry;

(i) programming of local authorities' building by a system of regional and local allocations designed to give first priority to relieving shortages of houses to rent in the conurbations;

(j) measures to be worked out in consultation with the local authorities for formulating the rent and tenancy policies required to gear local authority housing to social need.
These requirements are considered in more detail in the following paragraphs.

Control of less essential building

19. Top priority for housing - along with industrial building, schools and hospitals - can only be secured by curbing the demand made on the construction industries for less essential purposes. The means of curbing excess demand did not exist when the Government took office last autumn. Hence the need first to impose an immediate ban on office building in London and then to replace it by a system of flexible controls. This system has been brought into being by the Control of Office and Industrial Development Act 1965. In order to cover the whole field of less essential building it was decided last July to institute a licensing procedure for privately sponsored construction projects of the value of £100,000 or over, outside the development districts. The legislation required to regulate priorities in this field will be introduced during the current session. Priorities within the public sector can be determined through the normal arrangements for settling the main programmes and secured so far as local authorities are concerned by loan sanction control. In recent years too much work has been started, and in particular some less essential work has been permitted to compete with the priority programmes. Under the new system of tightened control of public expenditure announced by the Chancellor on 27th July(1) last, the priorities within the public sector are being defined so as to ensure that the vital programmes are not frustrated or hampered by work of less economic or social importance. Without these new methods of curbing, throughout both the private and the public sectors, building which the country

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(1) Hansard 27th July 1965, cols. 228 to 232
can afford to postpone, it would be impossible to achieve a steady expansion of new housebuilding to a rate of half a million a year.

The construction industries

20. As explained in the National Plan, it will not be easy for the construction industries to meet the expected rise in demand up to 1970. A special problem will be presented by the shortage of manpower throughout the economy in the later years of the Plan period. The 1970 demand can therefore only be met by a continuing increase in productivity. This involves action on a very wide front, including the organisation and planning of the design and construction processes, with the use of the best management techniques; the speedy adoption of improved constructional methods and materials; more and better training at all levels; more research and development work and much wider dissemination of the results. The Ministry of Public Building and Works are generally responsible, in consultation with other Departments, for whatever governmental action is needed to increase productivity in the construction industries; and Economic Development Committees have been set up for the civil engineering and building industries - under the chairmanship of Sir Jock Campbell - charged with the task of working out ways and means of ensuring that the 1970 targets are met. These industries, perhaps more than most, depend for their progress and efficiency on the long-term planning of demand. The assured expansion of the housing programme is thus one of the conditions of its own achievement.

Land

21. A sharply stepped up housing programme requires a correspondingly enlarged programme of land allocation and acquisition. In order to plan their programmes, both local authorities and the bigger private builders need to know
a system of empirical studies to understand its further exploration and testing in a state of partial completion. In the meantime, it is important to continue the experimental work that has been carried out so far. The results of these experiments need to be reviewed and analyzed in detail.

Moreover, the theoretical framework that underpins the current investigations requires further development. The need for a more comprehensive understanding of the underlying principles becomes increasingly evident as the research progresses. Therefore, a thorough review of existing literature and the incorporation of new theoretical insights is essential.

Furthermore, the funding situation is a significant concern. Additional resources would allow for more extensive research and the funding of necessary equipment. The prioritization of our current projects is crucial, as they are the foundation for further advancements in the field.
several years in advance where they are going to build. This means that sufficient land must be allocated to housing in development plans if developers are to acquire the land they need in good time. Just as there has to be a rolling building programme reviewed annually, there must be a rolling land programme which will make it possible for land acquisition to keep well ahead of housing starts. Nationally and regionally, planning machinery is now being built up which will identify land requirements in good time and ensure that every planning authority knows what is required in its area, and makes provision for it. Settlement of regional plans - which must look 15 to 20 years forward - through this new machinery of planning will take time. Meanwhile a start has been made on ensuring continuity of land supply over the next ten years.

22. Inside Greater London, land is already being made available for a local authority housing programme averaging 30,000 houses a year over the next 4 years. But this will provide only a fraction of the extra accommodation needed for Londoners. Much more has to be provided outside Greater London, where one million Londoners must be found houses by 1981. A further instalment of planned expansion schemes has already been announced for Ipswich, Peterborough and Northampton, and a large new city is to be built in North Buckinghamshire. These proposals should provide accommodation for an extra 280,000 people by 1981, the great bulk of whom will be Londoners. Apart from this ambitious second round of new towns, planning authorities throughout the South East will shortly be told the populations for which they must plan land requirements in their areas over the next 16 years.
23. Outside London, similar plans are being worked out region by region. For example, a new city is to be built in the Leyland-Chorley area; and the development of a large new satellite community at Chelmsley Wood adjoining Birmingham is already under way. Further new towns and expansion of existing towns will be needed; and a wide range of possibilities is under examination.

24. Local authorities and new town corporations have power to buy land — compulsorily if need be — for housebuilding whether by themselves or, where private developers need their help, for them. Private developers have experienced great difficulty in getting an assured supply of land in some areas; and in the new and expanded towns of the future much more land will be allocated to building for owner-occupation. Development corporations and local authorities will be encouraged to invite the co-operation of private developers in achieving a balanced housebuilding programme. Generally local authorities will be asked to work out the housing needs of their areas in terms of houses for owner-occupation as well as of houses to rent; and where necessary to use their powers so that private builders can acquire in good time the land they must have if they are to carry out their part of the programme.

25. This will not, however, suffice to make sure that the necessary land is always available to public and private developers as and when they need it. A national agency is required, which can assemble land in quantity, well in advance, and see that it is opened up for development. The Land Commission which the Government have already announced(1) will be able to do this. It is to have wide powers to buy land in order to provide development; and these powers will be used to help both private developers and local authorities. The existence of the Commission will ensure that land is forthcoming as and when needed to sustain the expansion of the housing programme.

(1) Cmnd. 2771.
Reviewing the overall programme and its components

26. Final responsibility for settling both the total programme and its broad division into constituent parts must be the Government's. But the carrying-through of the programme depends on the local authorities, the construction industries and the financial agencies, notably the building societies; and the programme will be achieved only if all concerned understand what is wanted and work within the plan. Hence the Government's intention, made clear above, to settle forward programmes in consultation and, it is hoped, in agreement with representatives of all those interested, and to keep the plan under constant review with them. The construction industries, in particular, have been badly affected in the past by want of confidence, which has discouraged investment in new plant and methods and has contributed to periods of over-load and to price inflation. In order to give the building and financial interests and the local authorities adequate assurance about long term prospects, it is intended that the programmes should cover several years ahead, although the size of the increases planned for the later years will need to be provisional, at any rate to begin with. As the sources of information improve it will be possible to review and refine these forward forecasts.

27. The discussions which have been held with the representatives of the building societies and the builders (paras 15 to 17 above) have also covered the means of ensuring that the amount of building done in the private sector corresponds, broadly, with the amount expected and allowed for in the overall plan. It has seemed to the Government that the most satisfactory way of doing this would be for the building societies to agree in advance on the amount of capital they will advance year by year for new building; corresponding arrangements being made with the other main lending agencies - the insurance companies and the local authorities. The representatives of the building societies and builders, once they were satisfied that the Government envisaged growth in the private sector as well as in the public, agreed that it would be sensible to plan the rate to which it should grow; and they are now exploring with the Housing Departments the practicability of ensuring that growth is at the planned rate - on the understanding to which reference has already been made, that targets should be flexible and subject to a good measure of tolerance.

The standard of private housebuilding

28. The National House-Builders Registration Council was established to set standards and to control by inspection and
certification the standard of private housebuilding. In recent months, with encouragement from the Government, the Council has raised its requirements and substantially increased the protection offered by its scheme. One weakness remains. Building firms which subscribe to the scheme do so on a voluntary basis; at present only about 30% of all new private houses are covered. The Government understands that the Council are exploring with the Council of the Building Societies Association the possibility of making adherence to the scheme a condition for a building society advance on a new house.

The Government are determined to ensure that houses for owner-occupation are built to acceptable standards and that purchasers are protected against shoddy work. Since they would prefer these results to be secured by voluntary action on the part of the agencies concerned with constructing and financing private housebuilding, they will await the conclusion of the discussions between the two Councils before considering what further action may be needed.

Help to owner-occupiers

29. The Government strongly support the movement towards extended owner-occupation which brings with it a standard of maintenance and repair by no means always found in privately rented houses. As soon as the country's economic situation allows they will publish their plans for bringing owner-occupation within the reach of more families. They have already announced in the White Paper on the Land Commission that the Commission will be able to dispose of land for owner-occupied housing on favourable terms.

The finance of public sector housing

30. Present rates of housing subsidies are inadequate even for the present rate of housebuilding. They were settled in 1961; and even then they had no relationship to the cost of building.
The worst trouble which has beset the local authorities has been uncertainty about interest charges, which account for a very substantial part of each authority's annual costs on new housing. This uncertainty, and the high rates of interest prevailing in recent times, have made forward programming very difficult. Another trouble has been that the present subsidy structure does not sufficiently allow for the fact that the cost of building, including land cost, is necessarily higher in some areas than in others. In devising a new subsidy structure the Government have therefore had two main objects in view. First, to provide a stable financial basis for housing programmes by eliminating uncertainty about interest rates. Second, to see that high costs attract proportionately higher subsidy. They have accordingly decided to introduce a subsidy based on a 4% rate of interest and will introduce legislation to provide for this.

31. In place of the existing basic subsidy, normally of £24 a dwelling, each local authority will receive a basic subsidy on newly completed houses, calculated so as to produce broadly the same effect on its housing accounts as though the loan raised to finance their construction (including land and site costs) had borne interest at 4% per annum. This will mean a substantial increase in the subsidy. Even so local authorities with big housing needs will have to charge rents which are related to the capacity of their tenants to pay if they are to secure the proper use of their whole housing pool (see para.40). Supplementary subsidies will be paid for building on expensive sites, building high, using
local materials to preserve the character of an area, precautions against subsidence, and building for overspill. Provision will be made to give additional help to local authorities which have particularly heavy housing commitments (including those resulting from meeting the needs of incoming industry) in relation to their rent and rate resources. Further details are in Appendix 1.

32. The basic interest rate subsidy, being related to the capital cost of completed houses, will vary with that cost; and, of course, it will vary with the prevailing rates of interest. Direct comparison with the present subsidies, which are payable on a unit basis, is therefore not possible but comparisons related to some typical cases are given in Appendix 1. Subsidies for new town development corporations and housing associations will be improved along the same general lines.

33. The new subsidies will apply to all houses for which a tender is accepted by a resolution passed following the date of presentation of this Paper.

34. The Government intend that the improved subsidies should be used to raise housing standards. They will expect local authorities, new town corporations and housing associations normally to incorporate in new designs and the space and heating standards recommended by the Parker Morris Committee\(^{(1)}\). A growing number of local authority houses already incorporate them - 46\% of dwellings approved in the first quarter of this year were designed to the full space standards and 61\% to the heating standards. The Government believe that many families will increasingly be prepared to pay higher rents for better (and warmer) houses, and that long before the life of today's houses come to an end the Parker Morris standards will be regarded as the minimum which every house should reach.

\(^{(1)}\) Homes For Today and Tomorrow 1961.
Industrialised Building

35. Housebuilding must be increasingly industrialised to get the number we need. This involves the use by the industry of improved techniques of construction, handling, site organisation and management. It means also the thorough organisation and timing of the whole process by the client, designer and construction team. Industry has put much effort into development work and capital investment and the Government intend to produce conditions for industrialised systems to operate effectively and on a growing scale.

36. Confidence in the level of demand is essential. It can best be generated by setting forward programmes and stabilising the financial basis through the new subsidy arrangements. Authorities' readiness to use industrialised methods will be a factor taken into account in deciding the level at which their programmes will be set. National organisation of the market is also necessary to take advantage of industrialised techniques. Grouping of demand and the wider use of common designs will be helped by the general adoption of Parker Morris space and heating standards.

37. Advisory services to housing authorities have been stepped up to help them get the best architectural and economic results. A pattern of collaboration with the National Building Agency is being worked out and advice will shortly be given to authorities on how they can increase and improve the use of industrialised methods. Appendix 2 gives information on progress so far and lists the support services available to authorities.

Local authority programmes

38. Local authority housing will be controlled through the rolling four-year programmes initiated earlier this year\(^1\). The Government intend that the total public programme should be allocated according to the needs of the different regions; and within each region according to the priority attaching to

\(^1\)Circular No. 21/65 (England); Circular 2/65 (Wales).
particular local needs. These allocations will take account of the emerging picture of regional and local housing situations resulting from improved information about housing needs and demands. (See Appendix 3). Meantime first priority will be given to relieving the acute shortage of houses to rent in the conurbations - especially in areas which attract newcomers including immigrants from the Commonwealth - and to clearing the great concentrations of slums.

**Tenancy and rent policies**

39. Provision of more council houses must be accompanied by policies for allocating tenancies and for determining rents which ensure that the extra houses fulfill the social purpose for which the subsidies are provided. The responsibility for allocating tenancies is a local one. Rightly so, since local knowledge must guide those who have the difficult task of deciding an order of priority among families whose housing needs differ only in the degree of hardship under which they are living. But the allocation of local authority houses can give rise to considerations which are not wholly local in character. An excessively local approach to need - especially an insistence on a lengthy period of residence in the area as a condition for getting a tenancy - can operate very harshly. This applies particularly to the housing of immigrants and ex-servicemen. Insistence on residential qualifications must also impede industrial mobility. Excessive residential qualifications were criticised in 1955 by the Central Housing Advisory Committee (1) and their criticisms were endorsed by the Milner Holland Committee in their report on London Housing (2).

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(1) *Residential qualifications 1955: Fifth report of the Housing Management Sub-Committee of the Central Housing Advisory Committee.*

(2) *Report of the Committee on Housing in Greater London (Cmnd. 2605) p. 134.*
40. Rent policies are also for local decision. But if the extra subsidies now to be provided are to be used, as they should be, to relieve those with the greatest social need, these policies should reflect the fact that the financial circumstances of council tenants vary widely. This means that subsidies should not be used wholly or even mainly to keep general rent levels low. Help for those who most need it can be given only if the subsidies are in large part used to provide rebates for tenants whose means are small. A number of authorities have had the courage to adopt thorough-going rent rebate schemes and have found that it does not entail raising general rent levels beyond the means of the majority of their tenants. The more generous subsidies now to be provided create an opportunity for all authorities to review their rent policies along these lines. In doing so, they will be able to take into account the higher standards of accommodation which will increasingly be provided with the aid of the new subsidies. On both matters - tenancy and rent policies - there will be consultations with the local authorities.

The existing housing stock

41. This Paper is concerned primarily with the house-building programme. But it is important too that more should be done to improve the condition of existing houses. A proper share of building resources must be devoted to the maintenance and repair of older houses and to stepping up the rate of improvement.

42. The number of dwellings improved annually remains obstinately at the disappointing level of 125,000 or so. The Government will encourage local authorities to greater efforts
in promoting house improvement coupled with improvement of whole areas— including better street lighting, play areas, parking space and so on. For each town there ought to be a considered programme of renewal and conservation, area by area, taking account of the physical conditions of the houses and possible road and traffic requirements. Meantime in most large towns and cities there are districts of old, structurally sound, houses lacking baths, hot water and inside lavatories, which could be identified, in advance of a comprehensive plan for the whole town, as worth conserving, and which would well repay, in terms of better living, the effort involved in improving both the houses and the surroundings.

43. Maintenance and improvement is the field for the smaller builder; many small firms engage entirely in this type of work. Productivity is generally lower than in new building and the scope for industrialisation is less. But there is room even here for improved techniques. For example, progress has been made in developing prefabricated plumbing and bathroom units which can be used in house improvement. Output in improvement work should rise as it is organised more and more on an area basis.

44. The Government are seeking by forward planning of the whole housebuilding programme to ensure steady growth, while avoiding the risk of setting up inflationary pressures. In doing this they must also have regard to the effort which must simultaneously be made to raise the general standard of maintenance, repair and improvement of the existing, older houses. The annual review of programmes will take into account the resources available to meet all the housing needs; and it will be the responsibility of the Government to ensure that these are used to the best advantage over the whole field.
CONCLUSION

35. This White Paper sets out the first stage in the formulation of a national housing plan. It is only the first stage. For a comprehensive and firmly based plan much more must be known about the reality of housing needs - not just the crude needs in terms of slums, overcrowding, obsolescence and the increasing number of households, young and old - but needs in terms of the sort of houses people want and for which they are prepared to pay. What is the real demand for owner-occupation; in what circumstances do people prefer to rent; what is the scope for co-operative ownership; what kinds of tenure best serve the country's economic needs, facilitating mobility of labour? Far too little research has been done into these questions; yet the answers are vital to housing policy.

36. The whole question of housing finance also needs much deeper study than this Government has yet had the time to give to it.

37. There are other questions relating to the management and improvement of the existing housing stock which are still inadequately understood. Must it be assumed that the only thing to do with old houses is to pull them down as soon as it is possible to replace them? Would not people often prefer to continue living in the existing houses if a radical policy of environmental as well as house improvement could be devised?

38. Nevertheless the foundation for a comprehensive national housing plan has now been laid. Government hitherto have been able to plan forward programmes in the public sector and to have discussions with representatives of the local authorities about financial and other requirements to support those programmes; but it has not been possible to plan house-building as a whole. Now for the first time, the Government, the building societies and the builders have discussed together and agreed on the need for forward planning of housebuilding, and for continuous collaboration to ensure a steadily rising programme. For the first time the pre-requisites of forward planning, including adequate incentives and flexible controls, are being formulated. It should now be possible, with the new arrangements for regular consultation and review among all the interests concerned, to ensure a steadily rising house-building programme. From this start a comprehensive plan covering all facets of housing policy can be evolved.
APPENDIX 1

NEW SUBSIDIES FOR LOCAL AUTHORITY HOUSING

1. The Bill. A Bill will be introduced during the present Session of Parliament to provide for a new subsidy structure in England and Wales. (There will be a separate Bill for Scotland). The broad framework is set out in the following paragraphs.

2. Basic and Supplementary Subsidies. The new subsidies will comprise:

(a) A basic subsidy
(b) Supplementary subsidies where appropriate for:
   (i) expensive sites
   (ii) high flats
   (iii) building in special materials
   (iv) town development and development akin to new towns
   (v) extra cost of precautions against subsidence
   (vi) special needs.

3. Period of subsidies and review. The new subsidies will apply to houses for which the tender was accepted by a resolution passed following the date of presentation of the Paper. Except for the town development supplement (para. 5(b)) they will be payable for 60 years, subject to provision for possible review from time to time.

4. The basic subsidy. An entirely new form of basic subsidy will take the place of the £24 a house (£8 in some cases) normally payable under existing legislation.

   It will be calculated in respect of all approved dwellings completed in any financial year and will take the form of a contribution towards the loan charges incurred in financing their capital cost (land and buildings). The subsidy will be calculated as the difference between loan charges payable on loans of the amount of the capital costs at current rate of interest and at 4%. For these purposes the current rate of interest for any year's subsidy calculation will be determined by the Minister as
representing the average rate of interest paid on new loans raised by local authorities in the preceding year.

5. **Supplementary Subsidies**

(a) The subsidies for **expensive sites, high flats, building in special materials and precautions against subsidence** will be on the same general lines as those payable for these purposes under existing legislation but there will be some detailed changes in the formulae for calculating them and in the qualifying conditions.

(b) Dwellings built under schemes of **town development** (or under comprehensive development schemes which are accepted as similar to new town development) will qualify for additional subsidy of £12 for a period of 10 years. This will be matched by an equivalent contribution from the authority for the exporting area where the provision of the dwellings operates for the relief of housing need in that area.

(c) **Special needs.** Some authorities qualify for additional subsidy under existing legislation where they have heavy housing commitments in relation to their resources. This has been of particular value to many authorities in *ales.* This subsidy cannot be continued in its present form as this is related to the method of assessing the present basic subsidies but a comparable form of subsidy will be payable in broadly the same circumstances. Provision will also be made for additional subsidies to local authorities where there is urgent need for additional housing accommodation to meet the needs of incoming workers, which cannot be met without imposing unreasonable increases in rents or rates.

6. **Hostels grant.** The maximum grant payable under 3.15 of the Housing (Financial Provisions) Act 1958 will be increased from £5 to £15 a bedroom.
7. **Effect of Subsidy:** A ¾% interest subsidy is, in effect, a percentage grant, the percentage depending on the borrowing rate of interest. The contribution which the subsidy makes in respect of each dwelling will therefore vary with the capital cost of the dwelling. The following table shows for a small number of sample authorities - none of which were in Greater London - the range of annual contributions which the new basic subsidy would have made if it had applied to dwellings for which tenders were let in 1964/65. A borrowing rate of 6⅔% has been assumed. Some of the dwellings may, of course, have qualified for supplementary subsidies too.

<table>
<thead>
<tr>
<th>Basic Subsidy per Dwelling</th>
<th>Range</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwellings up to 3 storeys</td>
<td>£37 to £89</td>
<td>£64</td>
</tr>
<tr>
<td>Dwellings over 3 storeys</td>
<td>£66 to £94</td>
<td>£81</td>
</tr>
</tbody>
</table>
APPENDIX 2
INDUSTRIALISED BUILDING

Progress
1. Record of percentage of industrialised dwellings in tenders approved for local authorities and new towns:

<table>
<thead>
<tr>
<th></th>
<th>1964</th>
<th>1965</th>
<th>1970</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st half</td>
<td>15.3%</td>
<td>25.5%</td>
<td>target</td>
</tr>
<tr>
<td>2nd half</td>
<td>22.0%</td>
<td>40%</td>
<td></td>
</tr>
</tbody>
</table>

Price
2. Flats built by industrialised methods now show on average a small price advantage. Traditional building is still slightly cheaper for houses. To develop the potential advantages of industrialised building for flats and houses long runs, continuity, and a reasonable measure of standardisation are necessary. The general adoption of space and heating standards recommended in the Parker Morris report will help in this direction. The Government also intend to secure the general use of its recommended floor-to-floor dimension which determines many other structural requirements.

Housing Departments and National Building Agency
3. The Departments and the Agency are working closely together to help the industry and housing authorities. The Ministry is responsible for general policy and will take the lead on user requirements and relations with authorities, whilst the Agency will act as specialist consultants and take the lead on constructional techniques and relations with the industry.

Services to authorities
4. The regional offices of the Ministry of Housing and Local Government have been expanded and now operate in Birmingham,

5. Guidance on the following aspects of industrialised building will be offered:
   
   (a) Choice of sites.
   (b) Appraisal of systems by the Agency.
   (c) Choice of dwelling type, layout and system.
   (d) Organisation of serial building programmes.
   (e) Pre-contract and contract procedures.

6. Professional services will also be offered where appropriate and a small number of demonstration projects will be carried out.
APPENDIX 3

IMPROVEMENT IN SOURCES OF INFORMATION

The need for better information

1. In establishing housing programmes in the way proposed in this Paper the Government must accept responsibility in collaboration with the local authorities for the assembly and regular revision of information about the whole housing situation in the regions and, below the regional level, at least in the main centres of population.

2. At the local level, housing authorities have a statutory duty to review housing conditions in their areas. But it is not enough for the Government to rest on unco-ordinated assessments by each housing authority. Guidance must be given about the economic and social context in which local housing needs are to be viewed — that is a purpose of the regional studies.

3. Reliable and up-to-date information is required about housing needs and demands, trends in the housing market and their impact on the national economy. The starting point is knowledge about population and household changes; about housing stock, its tenure, equipment and condition and the incidence of overcrowding, multi-occupation and shortages; and about the economics of housing, such as building costs, the levels and changes in rents, other housing costs, and house prices in relation to the accommodation and to incomes.

Filling the gaps

4. The Government's decision to carry out a sample census of Population and Housing in April 1966 will materially improve national and local information about population and household changes; about migration, and about the number, tenure, occupancy and equipment of the housing stock.
5. To supplement the Censuses regular surveys will be carried out on a scale sufficient to provide, at least for the most important items, indicators of current trends. A series of sample surveys in depth will be undertaken into the housing conditions in the main conurbations, starting in 1966.

6. One of the most difficult gaps to fill concerns the condition of the housing stock. A set of common standards is needed by reference to which assessments can be made of fitness for habitation and of potentiality for improvement. A sub-committee of the Central Housing Advisory Committee is examining the formulation of such standards, and the Housing Departments are working on techniques for the rapid assessment of the condition of houses.

7. Statistics of costs of new housebuilding will be provided by returns from local authorities. One aim is to construct a price index of standard items that enter into local authority housebuilding costs. This will enable assessments to be made of the extent to which changes in prices follow from improved standards.

8. New information, supplementing survey information on rents in the private sector will be provided as a by-product of the administration of the new rent assessment machinery. A fuller knowledge of the relationship region by region between rents and incomes will be obtained from increasing the size of the sample on which the Ministry of Labour's Family Expenditure Survey is based.

9. Information about the level, structure and changes in price for various types of houses in the private sector in different areas will shortly be available from new returns to be provided regularly by building societies. This enquiry is necessarily restricted to houses on which building societies
have advanced mortgages. Means of providing a widely-based and reliable index of the movement in house prices are being examined.

10. A regular survey of mortgage loans has been arranged, which will provide broad information on a regional basis about the dwellings on which mortgages are granted; about the households concerned by family type and income, and about the terms of mortgage advances.

11. Information is similarly required to show the groups of population entering into new tenancies of Council houses. Pilot studies have been started.

12. The institution of these new statistical series and surveys will provide the basic material for deeper analysis of a number of topics. One such is the interaction of labour mobility and the provision of housing. Another concerns consumer choice. What determines people's preferences for owner-occupation or for renting? Then there are social questions. Are attitudes to living in flats changing? How is the spread of car-ownership affecting attitudes to housing requirements? Some small part of this ground has been covered by sociological research undertaken by the Housing Departments but there is a need to develop techniques for forming reliable judgements in this difficult field, and this it is hoped to do.

Publication of Information

13. The Housing Departments propose to supplement existing publications by a new statistical abstract on Housing, which will present in a readily accessible form the main statistical aggregates on a wide range of housing topics.
1. Comparison between the house building records of different countries is not easy to make. Broadly, all are faced with three similar problems - present shortages, an increase in the number of families and the need to replace out-of-date housing. But the size of each of these problems varies from country to country. So do housing policies and traditions. So do standards. And it is not easy to compare like with like in terms of value for money.

2. Nevertheless it is possible to make some rough comparison of the outturn of new dwellings and the relative importance different countries put on housing. The following table shows for the U.K. and six other principal housebuilding countries in Western Europe:

(i) figures for 1961-63 and 1964 of number of dwellings built per 1000 population; and (ii) the proportion of gross national product devoted to fixed capital formation and within that total, to housing, in 1961-63

<table>
<thead>
<tr>
<th>Country</th>
<th>New houses completed annually per 1000 population</th>
<th>Gross Domestic fixed capital formation as % of G.N.P.</th>
<th>Gross fixed Col (4) capital as % of formation (3)</th>
<th>G.N.P. as % of housing (4) as % of G.N.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1961-63 (1)</td>
<td>1964 (2)</td>
<td>(Average 1961-63) (3)</td>
<td>(4) (5)</td>
</tr>
<tr>
<td>Sweden</td>
<td>10.2</td>
<td>11.4</td>
<td>23.0</td>
<td>5.5 23.8</td>
</tr>
<tr>
<td>West Germany</td>
<td>9.6</td>
<td>9.8</td>
<td>25.1</td>
<td>5.6 22.2</td>
</tr>
<tr>
<td>Netherlands</td>
<td>6.8</td>
<td>8.3</td>
<td>24.1</td>
<td>4.0 16.5</td>
</tr>
<tr>
<td>France</td>
<td>6.8(a)</td>
<td>7.6(a)</td>
<td>19.7</td>
<td>4.8 24.6</td>
</tr>
<tr>
<td>Italy</td>
<td>5.7</td>
<td>8.1</td>
<td>23.3</td>
<td>6.1 26.2</td>
</tr>
<tr>
<td>U.K.</td>
<td>5.8</td>
<td>6.9</td>
<td>16.5</td>
<td>3.1 18.8</td>
</tr>
<tr>
<td>Belgium</td>
<td>5.1(b)</td>
<td>N.A.</td>
<td>19.8</td>
<td>4.8 24.2</td>
</tr>
</tbody>
</table>

NOTES: (a) New dwellings and additional dwellings produced by conversion, restoration or extension of existing buildings.

(b) Average of 1961 and 1962 only.
3. The figure for new houses per 1,000 population conceal some differences in average dwelling size. The figures to make an effective comparison of floor area are not available, but an additional check is possible from the figures of the gross number of rooms in new housing per 1,000 population for 1961-64, and the U.K. occupies the same position in that table, about the same distance behind the leaders, as it does for the total dwellings per thousand.

4. The table shows that gross fixed capital formation in housing accounts for a smaller share of gross national product in the U.K. than in any of the other countries. This takes no account of productivity or of value for money, but comparison of the two parts of the table suggests that Sweden and Germany obtain their lead in numbers of houses built in proportion to their population primarily by devoting a greater proportion of their national resources and of their capital investment to housing than we do.