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COPY NO. 6728th June, 1966CABINETAUTHORISATION OF IMMEDIATE INCREASES IN
THE LOCAL AUTHORITY HOUSING PROGRAMMEMemorandum by the Minister of Housing and
Local GovernmentBackground

The Government are committed to completing 500,000 houses (United Kingdom) in 1970. The Housing White Paper assumed that private builders would contribute about half this number but in view of their performance over the past year it is far from certain that they will achieve this.

2. This year, for the third year in succession, the total number of houses completed in both sectors is likely to be in the range of 380-400,000 (United Kingdom). We have now got to ensure that the annual rate of completions climbs off this plateau towards the 500,000 which has to be achieved in four years' time. Unless we provide for the whole programme to move forward steadily, the target will not be achieved, or will be achieved only by provoking an exaggerated boom in one or two years in the quinquennium, with all the troubles which that entails.

The short-term prospect

3. Housing is not going well this year. The failure is in the private sector. Private housebuilders started 84,000 houses in Great Britain in the first five months of 1966 against 98,000 in 1965. Completions in the same period were 81,000 as against 86,000. We cannot count on private housebuilders starting even 200,000 houses in 1966.

4. I have taken a number of steps to restore the confidence of private builders (particularly the small and medium sized firms which build some 60 per cent of houses for sale) in relation to the selective employment tax which the National Federation of Building Trades Employers have told me will be very valuable. In addition the option mortgage scheme will make home ownership possible for new sections of the community. Even so we cannot rely upon the private sector to restore the situation.

5. The only assured means of maintaining a better rate of completions in 1967 and 1968 is to step up the local authority programme now, by giving additional approvals in the rest of this year.

Local authority programme

6. When the Cabinet considered housing programmes in July last (C.C.(65) 39th Conclusions, Minute 1; and C.C.(65) 43rd Conclusions, Minute 3) the level of local authority approvals in England and Wales was set at

1965	150,000
1966	150,000
1967	155,000
1968	162,500
1969	170,000

7. In April the Chancellor of the Exchequer agreed to an extra 3,500 approvals this year in England. This small additional programme was immediately allocated to selected authorities who had schemes ready to put to tender. Nearly all will be built by industrialised or rationalised traditional methods and much of the work on them will be carried out in 1966 (some 1,000 may be completed this year).

8. I estimate that this year non-priority authorities in England, whom I have so far had to restrain, could take up a further 7,500 approvals without over-straining the capacity of the housebuilding industry. (There is no scope for increasing the programmes of the priority authorities because they are already being allowed to build to capacity).

9. Though some of the extra 7,500 may be started late this year, most are likely to be started early next spring and completed in the first part of 1968.

10. The need for an increase in the local authority housing programme was considered by the Prime Minister's Committee on Housing (MISC 113) who agreed (the position of the Chancellor of the Exchequer being reserved) to recommend that an extra 7,500 should be authorised.

Extra approvals for coal miners' houses

11. Lord Robens requires as soon as possible 7,100 houses in England for miners transferred, under the accelerated colliery closure programme, to expanding pits mainly in Yorkshire and the Midlands; and he may need a further 4,800 later. This large number of houses cannot be accommodated within the ordinary local authority housing programme which has already been committed. Contracts for building these extra houses, if authorised, can be let early next year and an increase is therefore required in the 1967 programme.

12. I seek approval for the following increases in the England local authority housing programme:-

1966:	7,500 approvals for general needs
1967:	7,100 approvals for miners' houses.

R.H.S.C.

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

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