Secret.

C.P. (45) 224.
13th October, 1945.

CABINET.

HOUSING.

Memorandum by the Minister of Health.

IN replying to the motion for next Wednesday it will be necessary to make a general statement of our policy on housing and of the action which has been taken and is in contemplation.

2. I should propose to deal with three main points:

   (1) emergency action for the months immediately ahead;
   (2) the house building programme in its various aspects and the action intended to be taken by the Government to secure the execution of the programme speedily and at a reasonable cost;
   (3) the legislation and the regulations which the Government intend.

3. For the emergency action two regulations are required:

   (1) For the emergency use of occupied houses.

      To provide for waiving restrictive covenants and the operation of rent restriction provisions where owners respond to the Government appeal to take in lodgers. This is in draft.

   (2) To prevent the change of use from residential to non-residential.

      Instructions to Parliamentary Counsel are being prepared.

4. The legislation required for the housing programme comprises the following:

   (1) A Miscellaneous Housing Bill to include:

      (i) Building Materials.—To authorise the Treasury to finance from the Consolidated Fund (i.e., by borrowing), the purchase by the Ministry of Works of building materials and components, including prefabricated houses, and the preparation of sites and erection of houses by the Ministry of Works on behalf of Local Authorities.

      (ii) The control of the selling price of houses built under licence.—To provide that houses built privately under a licence limiting their size and selling price should not within a period of four years be re-sold at a higher price.

      (iii) Advances on purchase of houses.—To amend to £1,200 the figure of £800 under the Small Dwellings Acquisition Acts and Section 91 (4) of the Housing Act, 1936, which is the maximum value of a house for which advances may be made by the local authority.

   (2) Acquisition of Land Bill.

      To provide a new and uniform procedure for acquiring land which local authorities can already be authorised to acquire compulsorily. In particular to substitute a quicker procedure of Minister's Order for Provisional Order. The Bill will also contain provision on the lines of the Housing (Temporary Accommodation) Act, 1944, facilitating quicker entry and subsequent acquisition. From the housing point of view it would be satisfactory for me to have this provision applicable to housing only and included in a Housing
Bill, but it is not likely that this would be satisfactory to other Departments who would be left with less expeditions powers of acquisition for the services for which they were concerned. It therefore seems necessary to have a separate Bill to enable local authorities to acquire land for all purposes by the same procedure as applies to the acquisition of land under the Housing (Temporary Accommodation) Act.

(3) Control of Furnished Lettings.


I have considered whether the legislation required can be included in a single Bill. I have come to the conclusion that this is not practicable. If the Acquisition of Land Bill is intended to be applicable to all purposes for which local authorities have powers of compulsory acquisition it is not suitable for inclusion in a Housing Bill. The proposals for control of furnished lettings properly form part of rent restriction legislation and cannot be conveniently included in a Housing Bill. The proposals for financial assistance to local authorities must be agreed with the Chancellor and must then be the subject of discussion with the Associations of Local Authorities. I am satisfied that this legislation will have a much smoother passage in the House if we carry the Associations with us and that there will be much better chance of doing this if we allow ample time for consultation and discussion. The Associations have been assured that the legislation when passed is intended to be retrospective, and our deferment of this legislation has the goodwill of the Associations. This legislation should include a number of other items in addition to the proposals for subsidy for houses built after the war and will properly constitute a separate Bill. I ask for approval in principle to the legislation indicated above and suggest that reference should be made in the Debate to these Bills as legislation which the Government intend to promote on the basis that the Miscellaneous Housing Bill, the Acquisition of Land Bill and the Control of Furnished Lettings would be marked for early introduction, and that for the reasons indicated above a somewhat later date for the Housing Financial Provisions Bill will be indicated, but it should be as early as effective consultation with the Associations of Local Authorities permits.

5. Emergency action means in effect the best use of accommodation which already exists. Neither new houses nor elaborate conversion can make much contribution towards this winter’s needs.

The additional action suggested is—

(1) to prevent a diminution in the existing pool of housing accommodation. For this purpose I suggest a Defence Regulation to prohibit the conversion of residential accommodation to other purposes without the consent of the housing authority;

(2) to secure the fullest possible use of spare accommodation in occupied houses by—

(a) an appeal to householders who have spare accommodation in their houses to make it available to persons with no home of their own;

(b) a Defence Regulation to exempt arrangements made in this way from the provisions of the Rent Restriction Acts and from the requirements of covenants attached to a house which might otherwise prevent such arrangements and to give powers to Local Authorities to make such minimum essential works as may be necessary and to provide necessary fittings, furniture or equipment;

(c) where necessary, the use of requisitioning powers to make spare accommodation available.

6. I propose that Local Authorities should be invited to make this appeal in their districts, with the backing of the Government, and that it should extend both to furnished and to unfurnished accommodation. Householders who are willing to help in this way will be invited to register with the local authority stating the amount of the accommodation available and the terms. Once accommodation is registered (which will depend on the acceptance of the terms by the local authority), the protection of the tenancy which would otherwise result under the Rent Restriction Act would be waived (so that the householder need not be afraid of being unable to bring the arrangement to an end) and covenants which would also prevent sub-letting would also be waived.
The Minister of Fuel and Power has advised me that there will be great difficulty in the provision of gas and electrical appliances. The powers to Local Authorities to provide equipment will necessarily be limited by this fact, and the aim must, therefore, be primarily to secure accommodation which can be used as it stands. I am aware that appeals of this kind have already been made by some authorities and I hope that resort to compulsory powers will not be necessary in order to induce householders with spare accommodation to offer it. I think, however, that we must be prepared to use compulsory powers in the exceptional case of unreasonable refusal to make accommodation available. The powers would take the form of requisitioning the property as a whole and allowing the present occupant to retain a specified amount of accommodation.

I should propose at once to consult the representatives of local authorities and thereafter to launch the appeal.

7. The new building programme should, I suggest, consist of—

1. Temporary houses.—I should refer to this as a stop-gap, to be carried through as quickly as possible, but to be limited to the number of houses already allocated to Local Authorities. I propose that the White Paper which has been prepared should be laid before the Debate.

2. Permanent houses built by Local Authorities.—I should refer to the programmes submitted by the Local Authorities and the progress made towards their execution and the steps which are being taken to accelerate progress.

3. Permanent houses of non-traditional types.—I should refer to the research and experiments which have been carried out, and to the action which I have taken to promote arrangements for the construction of houses which have been approved as a result of this research. I have issued a Circular to Local Authorities in which I have indicated the arrangements which the Government intend to make as may be necessary for bulk orders and for control of prices in order to assist Local Authorities. I have given Local Authorities full particulars of the systems and advised them where prototypes can be seen. I have requested Local Authorities to let me know within the next month how many houses of the various types they wish to order. The types of which particulars are given are—

   (i) B.I.S.F., Braithwaite, Hill, Howard and Pressed Steel. All of these are steel or steel-framed systems.
   (ii) Easiform, Airey and Orlit. These are concrete houses.

4. Houses erected by private persons under licence.—I should refer to the arrangements in operation, to the conditions attached to licences and to my proposal to introduce legislation to provide that houses built under licence should not within a period of years (I suggest 4 years for this purpose) be sold or let at a figure higher than that approved at the time the licence was issued.

8. I should stress the importance of getting a substantial output of new houses under way. Particularly in London war damage repair must continue for some time to occupy a substantial proportion of our building force. But elaborate conversion should not be encouraged until new building is under way.

9. I have considered to what extent other agencies than Local Authorities can be used in our programme of new house building:

1. Housing Associations can play their part in collaboration with Local Authorities when they have the machinery and the financial resources to do so. But all experience suggests that their total contribution in numbers can only be a small one. Building Societies are, of course, financial agencies only and do not themselves build houses. If they were prepared to form a Housing Association which aimed at a contribution to the provision of houses for letting I would certainly consider how we could best co-operate, but so far they have felt unable to act in this way.

2. Direct building by the Government must be either in agreement with or in default of the Local Authority. Before the Government embarked on such operations it would be necessary to be clear on what terms they were to proceed, e.g., in regard to the acquisition of land, the building
of houses by contract or direct labour, the ownership and management
of the houses and the selection of tenants. To introduce the question
of direct building by the Government would certainly arouse
controversy with local authorities on whom Parliament has imposed
the statutory responsibility. I have every reason to think that most
Local Authorities will build as many houses as they can with the
building resources available in the district. I cannot but think that,
apart from the difficulties which would be involved in working out
arrangements for building large numbers of houses in small groups by
a central organisation, an announcement of direct building by the
Government would be a deterrent to progress by confusing the minds
of Local Authorities and leading them to delay their own proposals.

I suggest that, having announced our intentions to look to the
Local Authorities for the production of houses, we should throw our
full weight into this campaign, and concentrate on making the
maximum building resources available to them. I am taking action to
stimulate their progress and to give all possible technical assistance to
those authorities who are insufficiently equipped in this way.

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(3) The increased use of agencies which cater for the erection of houses for
sale raises a question of policy. In my view our first object must be
to build houses for letting to the lower-income groups. Power has been
given to Local Authorities to issue licences for the erection of houses
by other persons, where such building will not interfere with the
maximum output of houses by the Local Authority. But in my view
the building of such houses at the present time, when labour and
materials are in short supply, must be controlled, and I, therefore, do
not propose that at the present time it should be stimulated by any
legislative proposals for granting financial assistance: nor am I
satisfied that at the present time, when priority in obtaining a home
possesses such a high value, it would be right to introduce special
legislation to give financial assistance to those who are able to obtain
a measure of priority for themselves by their ability to purchase
a house.

I do propose that we should introduce legislation to extend the
maximum value of houses in respect of which advances may be made
under the Housing Act and the Small Dwellings Acquisition Acts
from £800 to £1,200, and I should encourage Local Authorities to use
these powers in order to give to the purchasers of houses the benefit
of the lower rates of interest at which Local Authorities can lend, as
compared with the Building Societies.

10. I should refer to the special needs of rural housing and their importance
in relation to food production. The proposals for subsidy for the erection of new
houses by Rural District Councils, which, in consultation with the Secretary of
State for Scotland and the Minister of Agriculture, I am discussing with the
Chancellor and on which I intend to consult the Associations of Local Authorities,
will continue to make a special provision for rural areas which will take account
of rental levels and financial resources. In our arrangements for the execution of
the programme we shall do all that is possible to make the fullest use of the small
builders by whom such houses have been built in the past, and I shall explore every
means of supplementing this supply by alternative methods of construction. The
main difficulty in the rapid provision of houses in the rural districts is the shortage
of building labour. There are one or two systems of non-traditional building
which I hope will prove specially suitable for rural areas, and I intend to press
upon the rural authorities the adoption of these forms of building and to work out
arrangements in consultation with those for facilitating their erection and
for providing the necessary technical guidance. I am assured of the full support
of the Rural District Councils' Association in a vigorous campaign for house
building, and it is particularly in these areas where I believe that my officers will
be able to expedite progress by technical assistance in planning.

This shortage of rural building labour is a special reason for deferring the
question of financial assistance towards the reconditioning of rural houses until
we are satisfied that the programme for the building of new houses is well under
way. I have asked my Central Housing Advisory Committee to report to me on
the possibility of carrying out reconditioning of cottages without prejudice to the
programme of new building, and I propose to bring the question of reintroduction
of the Housing (Rural Workers) Acts again before my colleagues when I receive
the Committee's report.
11. An effective control of costs must be stressed as essential to success. I have no intention of securing an illusory reduction by cutting down standards, but I propose to reject tenders which seem to me unreasonably high.

The Government are doing everything possible to ensure that building materials and components are produced in sufficient quantities and in due time to meet the requirements of the Building Programme, and this is the function in the main of the Ministries of Works and Supply, as production authorities. They will first consider whether there is sufficient capacity, &c., in the industries concerned to produce the quantities required at the due time, and when sufficient production will not be forthcoming substitutes will have to be considered. If there is sufficient capacity in an industry to produce the quantities required, the Production Authority will consider whether any special steps are necessary to ensure that the quantities are produced in due time and at a reasonable price. In some cases no special steps may be needed; in others it will be necessary to enter into production agreements or to place bulk orders. The Government will do their best to ensure that the prices of materials and components are fair and reasonable; control is exercised over selling prices and it will continue as long as is necessary.

12. Hitherto responsibility for a number of building components and fittings which are engineering products has rested with the Board of Trade except that, when these components and fittings were required for incorporation in temporary houses, the orders were placed by the Ministry of Works in consultation with the Board of Trade. These arrangements have now been simplified. Responsibility for engineering components and fittings has been transferred to the Ministry of Supply; and this Ministry will now place the necessary orders when these components and fittings are required for incorporation in temporary houses or for other building services undertaken by the Ministry of Works. The Ministry of Supply will also undertake all progress and inspection work in connection with the production of these engineering components and fittings. Under these new arrangements, advantage will be taken of the extensive war-time experience of the Ministry of Supply in the engineering field.

We intend to plan the whole of the engineering side of the building component industry and to direct it, if necessary, by means of price control and blanket orders, so that, wherever possible, standardised components may phase to meet demands for the following items so far as included in the Government building programme:

(i) temporary and prefabricated permanent houses;
(ii) bomb damage repair and flat conversion schemes;
(iii) brick-built housing schemes for public authorities;
(iv) erection of houses by private persons under licence;
(v) maintenance of existing property.

Ministry of Health, S.W. 1,
13th October, 1945.

A. B.