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CABINET

WHITE PAPER ON HOUSING POLICY

MEMORANDUM BY THE MINISTER OF HOUSING AND LOCAL GOVERNMENT

I was impressed by the argument used in Cabinet (C.C. (53) 52nd Conclusions, Minute 1) that the repairs increase should follow the logic of the argument, and be allowed to rise to a maximum of *twice* instead of *one-and-a-half* times the statutory deduction (S.D.).

It is certainly true that economists in general, and *The Economist* journal in particular, will take this line.

The reason why I was unwilling to follow the logical course was my fear that the increases might seem very heavy—in percentage, if not in money terms—on the low rents.

Many of these are 4s., 5s. and 6s. Under *twice* the S.D. they might well all suffer an increase of 4s. 7d. (double or nearly double).

But, of course, this difficulty is inherent in my scheme. It is meant to bear more heavily on the small rents, and less severely on the larger rents, *where the houses are similar in value and amenities.*

I have prepared tables showing the effect of the two methods—1½ S.D. and 2 S.D.—on houses in different categories. I have also prepared alternative paragraphs (Annex) for the White Paper if the Cabinet prefers to accept the more logical but more severe scheme.

It will be seen, then, that for the two categories of houses—£15 and £25 gross value, under 1½ S.D. the maximum repair increases are 3s. 6d. and 4s. respectively, as against 4s. 7d. and 5s. 5d. if we go to 2 S.D.

The *maximum rent* (that is, twice the gross value) is naturally the same in each case—viz. 11s. 6d. and 19s. 3d. respectively.

On the whole—since it is said that one might as well hang for a sheep as a lamb—I should be inclined to go for 2 S.D. This will certainly assist our real object—to *get the repairs done.* It will also help the Chancellor of the Exchequer, since local authorities will be encouraged to increase their rents more boldly.

But I must then hold, even more tenaciously, to the two conditions which must be satisfied before any rent can rise:

- (a) the state of the house;
- (b) the actual expenditure of the money on repairs.

I am prepared, however, to give the landlord an option on (b). Either he can *have spent* the money over the last (say) two years, or *be spending* it within a certain time in the future. This, however, will be left to the Bill, and put only in general terms in the White Paper.

From the political point of view, I feel that the association of actual repairs being done, in the present, the future, or the not too remote past, is more important than the precise figure of the *maximum permitted* increase, especially when we remember in how many cases something *less* than the maximum will be due (because the rent is already rather higher).

But, with so much at stake, I should like the Cabinet to decide, with a full knowledge of the facts presented as clearly as I am able.

H. M.

Ministry of Housing and Local Government, S.W. 1,  
23rd September, 1953.

ANNEX

ALTERNATIVE PARAGRAPHS TO DRAFT WHITE PAPER

*Paragraph 23* : Transfer to follow the present paragraph 34.

*Paragraph 33* : Consequential on above, omit the sentence in brackets in the 14th and 15th lines.

*Paragraph 35* : To read: " It follows, since the cost of repairs is now just over three times what it was in 1939, that a repairs increase of twice the statutory deduction would enable landlords to repair and maintain houses to the standard they adopted in 1939. Accordingly, Her Majesty's Government propose that the repairs increase should be an amount equal to twice the statutory deduction."

*Paragraph 36* : To read: " But, since (as already pointed out) the rents of some houses are already high, it is proposed, in order to provide some brake to this repairs increase, that no rent should, by reason of the proposal in the preceding paragraph, rise above twice the existing gross value of the house."

*Paragraph 37* : To read: " The effect of these proposals, taken together, on houses in the different gross value groups can be appreciated by looking at the figures in Appendix II.

" One or two examples will illustrate it. Take a house with an existing gross value for rating of £15. The statutory deduction is £6. The repairs increase allowed under these proposals would be £12 per annum or 4s. 7d. a week. But the rent may not, by reason of these proposals, increase beyond twice the gross value; that is, beyond £30 per annum or 11s. 6d. a week. If the present rent is less than 6s. 11d. a week it may increase by the full 4s. 7d. If it is more than 6s. 11d. the increase is less than 4s. 7d. If it is already 11s. 6d. a week or more there is no increase.

" Or take a house with an existing gross value of £25. The statutory deduction is £7. The repairs increase in this case would be £14 per annum, or 5s. 5d. a week; and the highest figure to which the rent could be increased would be £50 per annum or 19s. 3d. a week. If the present rent is less than 13s. 10d. a week it may increase by the full 5s. 5d. If it is more than 13s. 10d. a week the increase is less than 5s. 5d. If it is already 19s. 3d. a week or more there is no increase.

" The great majority—over 5 million out of a total of about 6 million—of houses subject to rent restriction have at present a gross value for rating of less than £30. Over 4 million of them have a gross value for rating of less than £20 10s. The first example therefore is the most characteristic; and the two examples together cover five-sixths of all the houses affected by the proposals."

TABLE I

## HOUSES IN LONDON (METROPOLITAN POLICE DISTRICT)

Date Built	District	No. in sample	Gross value (G.V.) £	Statutory deduction (S.D.)	Present rents £ p.a.	Increased by 2 S.D.		
						Rents increased by 2 S.D. £ p.a.	Maximum rents if increase of 2 S.D. (with stopper of twice G.V.) £ p.a.	Amount increase shilling per week
1	2	3	4	5	6	7	8	9
<i>A.—Built before 1919</i>								
C. 1850 ...	Edmonton ...	25	13	5	15-23	25-33	25-26	3/10-1/1
1890 ...	Walthamstow B.	14	15	6	15-16	27-28	27-28	4/7
		2			30-31	42-43	30-31	—
1850 ...	Battersea M.B.	37	18	7*	18-22	32-36	32-36	5/5
		3			25-29	39-43	36	4/2-2/8
1900 ...	Chislehurst and Sidcup U.D.	1	20	8	12	26	26	5/5
		6		(transitional: calculate increase as though S.D. were 7)	18-27	32-41	32-40	5/4-4/1
		1			44	58	44	—
1865 ...	Hammersmith M.B.	20	26	9*	28-35	46-53	46-52	6/11-6/1
		2	30	10*	31-33	51-53	51-53	7/8
1900 ...	Lewisham M.B.	6			44-53	64-73	60	6/2-2/1
		1			63	83	63	—
1912 ...	Wembley B.	14	35	9	50-55	68-73	68-70	6/11-5/1
		1			71	89	71	—
1880-90 ...	Islington M.B.	2	40	12*	30-31	54-55	54-55	9/2
		6			41-48	65-72	65-72	9/2
		1			74	98	80	2/3
1900 ...	Battersea M.B.	13	50	14*	34	62	62	10/9
		9			47-66	75-94	75-94	10/9
		1			70-100	98-128	98-100	10/9-0
1910 ...	Edmonton B.	1	70	14	75	103	103	10/9
		1			225	253	225	—
<i>B.—Built after 1918</i>								
1934 ...	Uxbridge U.D.	10	17	7	29-36	43-50	34-36	1/11-0
1937 ...	Staines U.D.	16	19	7	34	48	38	1/6
		1	22	7	39	53	44	1/11
1934-35 ...	Edmonton B.	3			51-61	65-75	51-61	—
		1			73	87	73	—
1934 ...	Walthamstow B.	8	24	7	54	68	54	—
1936 ...	Wembley B.	68	30	8	54	70	60	2/4
? ...	Ealing B.	74	35	9	59-60	77-78	70	4/3-3/1
1937 ...	Edmonton B.	6	40	10	69-71	89	80	4/3-3/1
1929 ...	Wembley B.	4	50	10	90-100	110-120	100	3/10-0
1934 ...	Croydon C.B.	4	80	16	95-100	127-132	127-132	12/3

\* Statutory deductions in the L.C.C. area are different and in general higher than

TABLE I

N (METROPOLITAN POLICE DISTRICT)

Increased by 2 S.D.			Increased by 1½ S.D.			For comparison
Rents increased by 2 S.D. £ p.a.	Maximum rents if increase of 2 S.D. (with stopper of twice G.V.) £ p.a.	Amount of increase in shillings per week	Rents increased by 1½ S.D. £ p.a.	Maximum rents if increase of 1½ S.D. (with stopper of twice G.V.) £ p.a.	Amount of increase in shillings per week	The present rents (i.e., col. 6) are shown below in shillings per week
7	8	9	10	11	12	13
25-33	25-26	3/10-1/1	22·5-30·5	22·5-26	2/11-1/2	5/9-8/10
27-28	27-28	4/7	24-25	24-25	3/6	5/9-6/2
42-43	30-31	—	39-40	30-31	—	11/6-11/11
32-36	32-36	5/5	28·5-32·5	28·5-32·5	4/0	6/11-8/6
39-43	36	4/2-2/8	35·5-39·5	35·5-36	4/0-2/8	9/7-11/2
26	26	5/5	22·5	22·5	4/0	4/7
32-41	32-40	5/4-4/11	28·5-37·5	28·5-37·5	4/0	6/11-10/5
58	44	—	54·5	54·5	—	16/11
46-53	46-52	6/11-6/6	41·5-48·5	41·5-48·5	5/2	10/9-13/6
51-53	51-53	7/8	46-48	46-48	5/9	11/11-12/8
64-73	60	6/2-2/8	59-68	59-60	5/9-2/8	16/11-20/5
83	63	—	78	63	—	24/3
68-73	68-70	6/11-5/9	63·5-68·5	63·5-68·5	5/2	19/3-21/2
89	71	—	87·5	71	—	27/4
54-55	54-55	9/2	48-49	48-49	6/11	11/6-11/11
65-72	65-72	9/2	59-66	59-66	6/11	15/9-18/6
98	80	2/3	92	80	2/4	28/5
62	62	10/9	55	55	8/1	13/1
75-94	75-94	10/9	68-87	68-87	8/1	18/1-25/5
98-128	98-100	10/9-0	91-121	91-100	8/1-0	26/11-38/6
103	103	10/9	96	96	8/1	28/10
253	225	—	252	225	—	88/1
43-50	34-36	1/11-0	39·5-46·5	34-36	1/11-0	11/2-13/10
48	38	1/6	44·5	38	1/6	13/1
53	44	1/11	49·5	44	1/11	15/0
65-75	51-61	—	61·5-71·5	51-61	—	19/7-23/5
87	73	—	83·5	73	—	28/1
68	54	—	64·5	54	—	20/9
70	60	2/4	66	60	2/4	20/9
77-78	70	4/3-3/10	72·5-73·5	70	4/0-3/10	22/8-23/1
89	80	4/3-3/6	84-86	80	4/3-3/6	26/6-27/4
110-120	100	3/10-0	105-115	100	3/10-0	35/5-39/3
127-132	127-132	12/3	119-134	119-134	9/3	36/6-39/3

area are different and in general higher than outside.

TABLE II

## HOUSES OUTSIDE LONDON

Date Built	District	No. in sample	Gross value (G.V.) £	Statutory deduction (S.D.) £	Present rents £ p.a.	Increased by 2 S.D.			Ar in s p
						Rents increased by 2 S.D. £ p.a.	Maximum rents if increase of 2 S.D. (with stopper of twice G.V.) £ p.a.		
1	2	3	4	5	6	7	8		
<i>A.—Built before 1919</i>									
1850 ...	Yeovil R.D. ...	4	7	3	6	12	12		
		3			10-13	16-19	14		1/
		11			14-16	20-22	14-16		
1850 ...	Hoole U.D. ...	13	11	4	10	18	18		
		3			15	23	22		
		1	15	6	10	22	22		
1881 ...	Watford B. ...	13			16-18	28-30	28-30		
		3			20-23	32-35	30		3/
		1			29	41	30		
		6			33	45	33		
1908 ...	Scarborough B.	16	22	7	16-22	30-36	30-36		3
		12			36-44	50-58	44		
		5			45-47	59-61	45-47		
1907 ...	Portsmouth C.B.	9	25	7	21-33	35-47	35-47		
		11			40-48	54-62	50		3/
1880 ...	Plymouth C.B.	3	30	8	28-33	44-49	44-49		
		5			52-59	68-75	60		3
		1			65	81	65		
1905 ...	South Shields C.B.	4	40	10	36-45	56-65	56-65		
1880 ...	Scarborough B.	5	50	10	60-70	80-90	80-90		
1905 ...	Southend C.B.	7	70	14	65-85	93-113	93-113		
<i>B.—Built after 1918</i>									
1928 ...	Macclesfield R.D.	7	13	5	26-31	36-41	26-31		
1935 ...	Beverley R.D.	22	16	6	25	37	32		
1934-36 ...	Norwich C.B.	9	18	7	32	46	36		
1935 ...	Sheffield C.B.	104	21	7	26-32	40-46	40-42		5/5
1930 ...	Northampton C.B.	1	25	7	32	46	46		
		2			70	84	70		
		3	30	8	27-39	43-55	43-55		
1935 ...	Northampton C.B.	5			44-52	60-68	60		6/
		1			78	94	78		
1932 ...	Hoole U.D.	1	35	9	37	55	55		
		1			52	70	70		
		13	45	10	56-68	76-88	76-88		
1935 ...	Southport C.B.	8			75-80	95-100	90		5/
		1			100	120	100		
1936 ...	Leicester C.B.	4	50	10	75-80	95-100	95-100		
1934 ...	Cambridge C.B.	2	80	16	110	142	142		

TABLE II

## USES OUTSIDE LONDON

Increased by 2 S.D.			Increased by 1½ S.D.			For comparison
Rents increased by 2 S.D. £ p.a.	Maximum rents if increase of 2 S.D. (with stopper of twice G.V.) £ p.a.	Amount of increase in shillings per week	Rents increased by 1½ S.D. £ p.a.	Maximum rents if increase of 1½ S.D. (with stopper of twice G.V.) £ p.a.	Amount of increase in shillings per week	The present rents (i.e. col. 6) are shown below in shillings per week
7	8	9	10	11	12	13
12	12	2/4	10·5	10·5	1/9	2/4
16-19	14	1/6-5d.	14·5-17·5	14	1/6-5d.	3/10-5/0
20-22	14-16	—	18·5-20·5	14-16	—	5/5-6/2
18	18	3/1	16	16	2/4	3/10
23	22	2/8	21	21	2/4	5/9
22	22	4/7	19	19	3/6	3/10
28-30	28-30	4/7	25-27	25-27	3/6	6/2-6/11
32-35	30	3/10-2/8	29-32	29-30	3/6-2/8	7/8-8/10
41	30	-5d.	38	30	-5d.	11/2
45	33	—	42	33	—	12/8
30-36	30-36	5/5	26·5-32·5	26·5-32·5	4/-	6/2-8/6
50-58	44	3/1-0	46·5-54·5	44	3/0-0	13/10-16/11
59-61	45-47	—	55·5-57·5	45-47	—	17/3-18/1
35-47	35-47	5/5	31·5-43·5	31·5-43·5	4/0	8/1-12/8
54-62	50	3/10-9d.	50·5-58·5	50	4/0-9d.	15/4-18/6
44-49	44-49	6/2	40-45	40-45	4/8	10/9-12/8
68-75	60	3/1-5d.	64-71	60	3/1-5d.	20/0-22/8
81	65	—	77	65	—	25/0
56-65	56-65	7/8	51-60	51-60	5/9	13/10-17/3
80-90	80-90	7/8	75-85	75-85	5/9	23/1-26/11
93-113	93-113	10/9	86-106	86-106	8/1	25/0-28/10
36-41	26-31	—	33·5-38·5	26-31	—	10/0-11/11
37	32	2/8	34	32	2/8	9/7
46	36	1/6	42·5	36	1/6	12/4
40-46	40-42	5/5-3/10	36·5-42·5	36·5-42	4/0-3/10	10/0-12/4
46	46	5/5	42·5	42·5	4/0	12/4
84	70	—	80·5	70	—	26/11
43-55	43-55	6/2	39-51	39-51	4/8	10/5-15/-
60-68	60	6/2-3/1	56-64	56-60	4/8-3/1	16/11-20/-
94	78	—	90	78	—	30/0
55	55	6/11	50·5	50·5	5/2	14/3
70	70	6/11	65·5	65·5	5/2	20/0
76-88	76-88	7/8	71-83	71-83	5/9	21/6-26/2
95-100	90	5/9-3/10	90-95	90	5/9-3/10	28/10-30/9
120	100	—	115	100	—	38/6
95-100	95-100	7/8	90-95	90-95	5/9	28/10-30/9
142	142	12/3	134	134	9/3	42/4