In view of the importance of beginning the discussion with representatives of private enterprise and of the local authorities at the earliest possible moment I ask that this matter be treated as one of urgency, so that an early decision on the question of state assistance may be taken.

A.G.B.

Ministry of Health.

8th January, 1923.
1. It appears to the Committee that the salient facts of the housing problem as it exists to-day are –

   (a) there is still a large shortage of working class houses;

   (b) there is no prospect in the near future of private enterprise unaided undertaking the provision of true working class houses in sufficient numbers, and

   (c) it will be necessary to continue the Rent Restrictions Act for a further period.

2. The extent of the shortage of working class houses is difficult to determine, but the Committee are satisfied that the provision made under the State schemes in the last four years has done little more than keep pace with the normal annual demand and that a considerable arrear still remains to be made good. The evidence of the local authorities of the large towns is that the need is still very acute and most of them have long lists of applicants for new houses whom they are unable to satisfy.

3. The cost of building has fallen very considerably during the last year and private enterprise is certainly returning again to house building. At present, however, the type of house being built by private enterprise is generally definitely superior to the working class house. It is true that certain colliery companies are proceeding to build houses for their workpeople, but these houses are to be let to the miners at less than the economic rent, the loss being borne by the companies as part of their costs of coal production. There is no near prospect of action on those lines becoming so widespread as effectively to deal with the general shortage and such action will not in any event touch the problem of the large towns.

   Private enterprise will in fact only operate where it sees a prospect of profit, and even before the war it failed to provide a sufficient supply of houses for the lower paid workmen.
Today the building of the smallest type of house is still less attractive, since the point has not been reached at which these houses can be provided without loss. And while the building of lower middle class houses, by adding to the pool of accommodation, must have an indirect effect in mitigating the shortage of small houses, this levelling up process must inevitably be slow.

4. The Committee understand from Lord Onslow, the Chairman of the Committee on the Rent Restrictions Act, that that Committee will find themselves compelled to recommend a continuance of the Act. It is hoped that it will be practicable gradually to remove certain classes of houses from the protection of the Acts with a view to paving the way to getting rid of the Act altogether, but speaking generally it is anticipated that the Act must remain operative for at least one and probably two years longer from the 24th of June next.

5. The Committee appreciate fully the grave objections to embarking on any new scheme of subsidising house building. Any such scheme will probably operate against a reduction of rates of wages in the building industry which are at present disproportionately high as compared with wages in other industries. There is a possibility that a new scheme, even if limited to the smallest houses, will check the fall of prices and may consequently have a prejudicial effect on the revival of private enterprise in the next larger class of houses. If a scheme is adopted for a limited period the position at the end of that period may be no better than it is to-day, and the pressure on the State to continue indefinitely subsidising the provision of houses for the very poor may well be considerable. And there is, of course, the strong objection of making any addition to the Exchequer's present burdens.

6. The Committee are very sensible of the weight of such considerations as these. But it still seems to them that the Government cannot simply allow things to remain as they are, trusting to private enterprise and the unaided efforts of local
Today the building of the smallest type of house is still less attractive, since the point has not been reached at which these houses can be provided without loss. And while the building of lower middle class houses, by adding to the pool of accommodation, must have an indirect effect in mitigating the shortage of small houses, this levelling up process must inevitably be slow.

4. The Committee understand from Lord Onslow, the Chairman of the Committee on the Rent Restrictions Act, that that Committee will find themselves compelled to recommend a continuance of the Act. It is hoped that it will be practicable gradually to remove certain classes of houses from the protection of the Acts with a view to paving the way to getting rid of the Act altogether, but speaking generally it is anticipated that the Act must remain operative for at least one and probably two years longer from the 24th of June next.

5. The Committee appreciate fully the grave objections to embarking on any new scheme of subsidising house building. Any such scheme will probably operate against a reduction of rates of wages in the building industry which are at present disproportionately high as compared with wages in other industries. There is a possibility that a new scheme, even if limited to the smallest houses, will check the fall of prices and may consequently have a prejudicial effect on the revival of private enterprise in the next larger class of houses. If a scheme is adopted for a limited period the position at the end of that period may be no better than it is to-day, and the pressure on the State to continue indefinitely subsidising the provision of houses for the very poor may well be considerable. And there is, of course, the strong objection of making any addition to the Exchequer's present burdens.

6. The Committee are very sensible of the weight of such considerations as these. But it still seems to them that the Government cannot simply allow things to remain as they are, trusting to private enterprise and the unaided efforts of local
authorities gradually to right the position.

Assuming, as they must assume, that a proposal for the continuance temporarily of the Rent Restrictions Act will have to be made to Parliament, the Committee do not see how the Government, while thus admitting shortage of house accommodation, can at the same time repudiate the responsibility of doing anything to mitigate that shortage during the period of the extension of the Act.

The Committee have had various proposals for assisting housing under review but they feel that before they make concrete and final proposals, they must ask for a Cabinet decision on the question of principle whether or not there is to be further Government assistance.

If the Cabinet decide this question in the affirmative the Committee have in mind proposals on the following lines:

(a) The scheme to be definitely limited to the period of continuance of the Rent Restrictions Act, and a definite date to be laid down and adhered to for the termination of that Act.

(b) The State financial commitment to be strictly limited to an annual charge not exceeding (say) £250,000.

(c) Assistance to be afforded to local authorities and private enterprise (through the local authorities) on the same terms.

(d) The basis of assistance to be on the lines of the scheme proposed by Sir Alfred Mond which proposed an annual State contribution of £3 a house for 60 years towards the loss on housing schemes.

(e) This scheme to be modified by reducing the period of assistance if possible below the term of 60 years, and also by limiting the grant of assistance to the smallest type of house, the type which private enterprise unaided is least likely to undertake.
It seems to the Committee that proposals on these lines are likely to cause the minimum of interference with private enterprise. Before putting forward final proposals, the Committee will require to discuss with representatives of private enterprise and local authorities the precise extent of assistance per house which will be needed, for it is of course essential to ensure that the Government plan will be worked and will result in the provision of houses. At £3 a house Sir Alfred Mond's scheme would have produced some 80,000 houses in two years. If in the process of negotiation better terms are found to be necessary, then the Committee would propose to reduce the number of houses to be provided, so that the total financial commitment is not increased.

9. The Committee propose to recommend in addition, with a view to assisting the revival of private enterprise, that facilities should be provided for lending money to builders at the lowest rate which does not involve subsidy, and that the Small Dwellings Acquisition Act should be amended in order to encourage further the provision of houses for the owner occupier. Proposals on these lines will be undoubtedly useful, but the Committee are satisfied that their contribution towards meeting the pressing need of houses will not be so considerable as to obviate the need of other measures.

10. The Committee hope to submit in addition further proposals for facilitating dealing with the slum problem.