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SECRET

C A B I N E T

C.P.107

HOUSINGMemorandum from the First Commissioner of Works

the Cabinet

With reference to the Memoranda by the Chancellor of the Exchequer and the Minister of Health of the 7th November and the 27th October respectively (C.P.75: and C.P.5) it is clear that, as was anticipated some time ago in previous memoranda, the provision of the very large number of houses that had become urgently necessary under the Government Housing Scheme, will not be practicable if the Government merely rely upon the efforts of the Local Authorities, and it is already apparent that through relying upon the Local Authorities as the main prop, the scheme is breaking down.

The Minister of Health proposes now to utilise the services of my Department for the provision of the necessary houses if the efforts of the Local Authorities fail to materialise. I suggested some time ago that my Department should be entrusted with the Government Housing Scheme, which should really be run by the Government Building Department with a central control and organisation, not only of the various schemes, but also of the provision of labour and materials on a systematic plan. This would have obviated many of the difficulties which have occurred - such as competition for labour and materials by a large number of different authorities, which is continually raising the prices of both, and does not lead to the most effective results.

It is probably too late to revive this proposal now, but I am quite ready to assist the Minister of Health to the limits of the capacity of my Department as at present organised, but I must point out that the Department is seriously understaffed to carry out the new duties which have been cast upon it during the last few years, and if it is to undertake Housing Schemes, on a large scale, I must have authority to make alterations and additions to my organisation - both secretarial and technical - to enable me to undertake the work.

In this connection it must be realised by the Treasury that I must have a freer hand than in the past to deal with both the numbers and remuneration of the necessary staff. Other new Departments have been allowed to create organisations in which very much more generous salaries are paid, especially to technical members.

With regard to the question of finance, referred to by the Chancellor of the Exchequer, it appears to me that if the Government intends to carry through their Housing Scheme, they must be prepared for a very bold financial policy. The difficulty of the situation can, in my opinion, only be met by having a very large National Housing Loan, secured on the properties, which could be gradually transferred to the Local Authorities as they take over the completed schemes. The fact must also be faced, that, in view of the enormous cost of building at the present time, a considerable loss of capital

capital must be incurred if houses are to be let at a reasonable rent, even if such rent as could only be expected, be considerably higher than pre-war rates.

The real question to be considered is whether the present housing position is to be looked on as an aftermath of war conditions and any loss involved regarded as part of the cost of the war, or, whether it is to be treated merely as an economic problem by itself. In view of all the declarations by the Prime Minister and members of the Government, the first of these two views seems to me to be the correct one.

(Signed) A. Mond.

H.M. Office of Works.

11th November, 1919.