

---

## Chairman's Foreword

The crisis of affordability in housing today is cascading grave consequences throughout our society. First time buyers are priced out of the market and private rents are barely affordable for those who do not qualify for subsidised social (council and housing association) housing. Many people are having to spend very high proportions of their income on their housing and there is excess demand for social housing across most of the country. In response, we ration social housing, allocating it only to the most needy. Many social housing estates that were once well functioning working class communities, with a range of people on different incomes, have become, in many inner city areas, ghettos of the poorest and neediest people.

This crisis is frustrating the housing ambitions of many families in England today. More homes of all kinds are needed, to give as many as possible the chance to secure the housing that they aspire to.

Social housing presents the greatest challenges, and the greatest opportunities. An understandable response to high house prices, long waiting lists and overcrowding is to call for Government to build more social housing. But this simple call, often repeated by homeless campaigns, councils and party conferences is not a fair, realistic or deliverable option. With one in every five homes already being subsidised by the taxpayer we need to find better uses for the homes the state already owns, and for the taxpayers' money that we devote to housing.

For the one in five households which has secured social housing this means low cost living for life funded from the public purse, but often on estates where they would not choose to live. Social housing as it is deployed today is an expensive, poorly targeted investment. In short, our approach to providing an affordable home for all is unfair and unsustainable.

Those in social housing escape the realities of the housing market. They get access by proving their need is greatest, often pay little or no rent, and get their home maintained in good order for free. But escape from the market is also to be excluded from it, and everything it offers in terms of choice, wealth and mobility. Social housing has come to reinforce inequality and social division in society; the poor more than ever have become ghettoised in social housing estates getting relatively poorer, while the better off acquire an appreciating asset and can pass their housing wealth down to the next generation. As Lynsey Hanley, John Hills and many others have shown, living on an estate can affect your health, your ability to work, the type of education your children will get and your life chances.

The Government has generally moved away from the old idea that the private sector is bad and the state good. This “mixed” approach to provision is balanced and healthy and accords with how the public feel about their housing. It is well known that most of us prefer to own if we possibly can. Those who buy build up a significant asset - something to pass on, borrow against or release in an emergency. Very importantly they also have choice, security, options on moving and a sense of achievement and self esteem. Notting Hill has recently shown that home ownership is a common aspiration amongst social tenants too. Although affordability is a real issue for this group we have shown that younger tenants in particular would like to join the owner-occupier sector. Notting Hill has been working with tenants on how to make this aspiration more achievable for low income households (See Appendix 1).

In this report we explore this crisis of affordability. We also explain what has happened to social housing over the past 30 or so years, and how its changing role has intensified social divisions and disadvantaged those who have become dependent on it. We set out a wide range of recommendations on how we need to respond. For me the most important are those relating to how we best meet the needs of the poorest members of our society.

Three key propositions have arisen from our work - social housing is not a desirable destination; private ownership is preferable to state provided solutions; and councils must be given much greater freedom from central control and centrally imposed targets, so that they can adopt the housing policies and programmes that best meet local conditions.

The Government recognises that engaging residents is important. But we do not think local control of neighbourhoods, or representation on boards, is what social tenants want. At Notting Hill we have found that our tenants generally dislike “collective” solutions. They appreciate help and opportunities to improve their situation (e.g. training, work, financial advice) and that of their children. We have far more interaction with our residents as individuals than as a group. Much of what they discuss with us is personal - debt, children, relationships with neighbours. And most of our help is devoted to improving social skills and encouraging social mobility.

Our report proposes that social housing should continue to be used to meet a great range of needs, but wherever possible for shorter periods of time, to help people in a crisis or in overcoming homelessness or at the start of their housing career. It should be a dynamic resource, playing a part in helping people to get back on their feet and on with their lives. From homelessness they would take a temporary house, before renting, moving on when possible to shared equity, or outright ownership. We believe this should be the normal path to self sufficiency for the vast majority - help with housing costs is necessary, but a permanent social tenancy is not.

We therefore urge the Government to look seriously at tenure reform. Our recommendation is that councils and housing associations should be free to use new social housing, and existing social housing as it becomes available, as

they see fit. So they could grant new tenancies on whatever terms they judged most appropriate to meet the particular needs of incoming tenants.

This would require primary legislation. But the rules governing housing association lettings could be changed without legislation. As a first step the Government could change them so that associations could let social homes on assured shorthold tenancies. Notting Hill has encouraging experience of using these tenancies for people who come to us through the homeless route. We believe this tenure can be used to make management of social housing more effective, greatly reducing the need for ASBOs and other court orders. It will lead to a level of engagement with tenants that is much more difficult to achieve with standard social tenancies, enabling us to help them overcome the problems that have led to their homelessness. Regular tenancy renewal will allow them to stay put, educate their children locally and participate in the local community of their choice until they are ready to move on, fulfilling their housing aspirations and freeing up their social housing for others in need. In the few cases where this fails and tenants persist in unacceptable behaviour properties can be repossessed and made available to other families from the long waiting lists.

I would like to thank all the experts who worked with me to produce this report. Some came from the world of housing, some from local government, others from business and academia. All were challenging and engaging; we had some good debates and a few intellectual breakthroughs. From the CSJ we welcomed the determined and broad sweep intellect of Iain Duncan Smith, the gentle but firm correction offered by Philippa Stroud and the enthusiasm and commitment of the two researchers – Cameron Watt and Asheem Singh. I also had a great deal of understanding and support from the Board and staff of Notting Hill, who I don't expect to support every recommendation in its entirety, but at least most of them are open-minded and willing to question current orthodoxies. Especially I would like to acknowledge my Chairman Alan Cole who allowed me some time to complete the work, and to thank my Notting Hill colleagues Alan Davis and Catherine Harrington who put in a great deal of first class work. I know this report will stimulate the debate, but my hope is that it will also help to change the world.

**Kate Davies**, *Chairman Housing and Dependency working group,*  
*Centre for Social Justice*