

Fabian Society Lecture – ‘Housing and Life Chances’

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Introduction

It is a great pleasure to be able to give this Fabian Lecture on housing and life chances today.

For the early Fabians, over a hundred years ago, housing was a fundamental part of their vision of social reform. Pamphlets lamented the state of the nation’s housing and its links to poverty and disadvantage. In 1917 Sydney Webb was one of the signatories to the pamphlet calling for a million new homes: “homes fit for heroes.”

Yet when the Fabian Life Chances Commission conducted its important and impressive analysis of life chances and child poverty in Britain last year, housing got barely a mention. Housing doesn’t get much coverage as a news or policy item in the national media. Instead it is usually confined to the property and lifestyle supplements and programmes.

We should not underestimate the significance and importance of housing to Britain’s future. Our homes affect our health, our wealth, our opportunities for happiness and prosperity. Our homes are our nests where we nurture our young, our shelter in storms, the building blocks of our communities. And for most of us they are the biggest investment we will ever make, the biggest asset we will ever own.

Over the last ten years, we have made substantial progress in several important areas of housing policy. That in part has prevented housing being the hot topic of national debate. But we have also seen serious rising pressures that have to be addressed – particularly around the supply of housing.

The housing decisions we take over the next few years will be critical to the life chances of the next generation. If we ignore those rising pressures for more homes – as some would have us do – we will see rising wealth inequality, constraints on aspirations and difficulties for our economy as well. And unless we do more to improve housing for growing children, we will be denying too many of them a good start in life.

Gordon Brown has already made clear that housing will be one of his personal priorities as part of

his election campaign and his premiership. He is right to make it so. Building more affordable homes, building more sustainable homes, and improving the quality of our housing are critical to Britain’s future.

Progress so far

In 1997, Labour faced three major immediate housing challenges. First building confidence and stability after the recession and negative equity of the early nineties, to help more people become home owners. Second, dealing with the dreadful backlog of repairs and maintenance in social housing which meant more than 2 million families lived in homes which failed proper decency standards, around 1.5 million families lived in homes too cold for winter. Third, addressing the travesty of people literally with no roof over their heads, sleeping rough on Britain’s streets.

In each of these areas the Labour government over ten years has had substantial success, and it is that success which I believe has stopped housing being headline news in the way that it was for previous generations.

Economic stability has helped us avoid the 15% mortgage rates of the early nineties and helped 1.8 million more families become home owners over the last decade. We have seen ten years of economic growth and rising prosperity, which has helped people sustain their mortgage payments and has increased aspirations too.

Billions of pounds of investment in the decent homes programme has helped install central heating, insulation, kitchens and bathrooms to deal with the

shocking state of council housing we inherited in 1997. Over 770,000 homes have had new central heating as a result, because of a Labour government.

Over a million children have been lifted out of bad housing as a result since 1997. And it matters. Damp homes increase the chances children will suffer from asthma or poor health. Cold homes increase the chances pensioners will suffer winter chills or an early death. Delivering decent homes for those on low incomes was rightly a major priority for the Labour government in 1997.

Action on homelessness has been successful too. Government backed local initiatives have helped thousands of people off the streets, and thousands more avoid homelessness or long term bed and breakfast accommodation.

Rough sleeping has dropped by two thirds, with new investment in hostels not just to give people shelter for the night but to help them back on their feet and into homes of their own. Families no longer get stuck in long term bed and breakfast accommodation and investment in prevention means that cases of homelessness are at a record 23 year low. So on the 40th anniversary of 'Cathy Come Home' last year, experts from other countries came to learn from what Britain had achieved in bringing homelessness down.

In each of those areas where housing could have become a national crisis, we have instead seen substantial and successful change.

Progress too has been made in regenerating town and city centres, and delivering an urban renaissance. Planning changes and strategic public sector investment have helped revive declining housing markets and redevelop areas once left to decline. People are moving back into town and city centres. Thousands of hectares of derelict land have been brought back into use as the proportion of homes built on brownfield land has increased from 56% in 1997 to over 70% today. Major investment programmes are triggering growth in the Thames Gateway as well as in the housing market pathfinders in the Midlands and the North. Communities which had once been abandoned are seeing new investment and prosperity as a result. The quality of urban design is now being championed in councils and development projects across the country – to the great benefit of local people.

The need for more homes: housing and inequality

But alongside that progress we have also seen growing pressures – in particular around the need for more homes – which will cause widening inequalities in future if we don't respond.

Last year over 180,000 additional homes were supplied in England – up from 130,000 four years ago. However, we have an ageing, growing population, with more people living alone, and an average of 220,000 new households a year are expected over the next twenty years.

Every region is seeing growing housing pressures. Of course, there are always cyclical pressures in the housing market, which the Bank of England monitors. But in addition to these cyclical changes Kate Barker pointed out that long-term house prices have risen faster than earnings, and faster than in other countries too. Unless we do more to close the gap between rising demand and increased supply we will see long term house prices continue to grow – at the expense of first-time buyers and those waiting for a council house or social home of their own.

I believe this challenge is now growing in urgency. Unless we do more to respond to the housing needs we face for the future we will see growing numbers of children denied opportunities, growing numbers of families facing serious housing pressures, and widening wealth inequality in our society.

Government analysis found that if we were to carry on building at previous rates then over the next twenty years we would see the number of thirty-year-old couples able to afford to buy a home drop from over 50% today to nearer 30%. That is unfair and unsustainable. Over 80% of 45-60 year olds are home owners. But their children will find it much harder to follow in their footsteps unless we build more homes.

Already first time buyers are facing real pressures. Almost half now rely on the 'Bank of Mum and Dad', or other family favours to help them get onto the ladder. But what about those who don't have parents and grandparents who can help them out?

Over the last century the housing market and widening home ownership has helped narrow wealth inequalities between those on middle incomes compared to the very well off. In 1918 only 23% of the

population owned property, and wealth was concentrated in the hands of a very small minority. By 2005 71% of the population were home owners. However, rising house prices have meant those outside the housing market have been left further behind.

And over the next century, unless we address the long-term shortfall in housing with its impact on long-term prices, we will see the housing market dramatically widen wealth inequalities as those without family help to get them started find it harder and harder to become home owners in future.

For those on the lowest incomes the pressures are greatest. If we do not also build more social housing and more shared ownership homes we will see growing overcrowding and rising social housing waiting lists too. Already we have increased the level of new social housing by 50% over the last three years, but we have to go further. Many families with children wait for years in overcrowded or inadequate accommodation to get a secure home of their own.

For children growing up in poverty, poor housing can be as devastating to their life chances as low income. Kids won't get the best start in life if they have nowhere to do their home work, or if teenagers stay out each night because they have no space at home to call their own.

Since 1997 the most substantial progress in lifting children out of poor housing has come through improving the quality of existing homes. The decent homes programme and other housing changes has already cut the number of children living in non-decent, overcrowded or inadequate housing by over a million compared to 1997. But that still leaves too many children needing better homes. We still need to go further to refurbish homes. But we also need to build more new affordable family homes.

Children should not be growing up in cold or damp housing. But nor should they be living in overcrowded housing either. We want to increase to 2 million the number of children helped out of bad housing by 2010, as Gordon Brown has said. Improving children's housing is a critical part of improving their life chances and tackling child poverty too.

Lessons from History

The housing challenges we face may seem daunting. However, previous generations faced even greater housing challenges and often found radical ways to respond. Sometimes they made dreadful mistakes. Sometimes they left enduring legacies in beautiful homes and streets we still enjoy today. But the scale of their housing achievements should teach us important lessons in the new challenges we face today.

For the Victorians new housebuilding was an essential part of the growth of cities and industrialisation. Between 1830 and 1900 over 3 million homes were built, and after the first world war, expansion was even more rapid. The built-up area of London had expanded threefold between 1914 and 1939 and the same happened in other cities, including new development around Manchester, Liverpool and Leeds. Town planning began – in the civic designs for the centres of the major northern cities, but also in the garden cities such as Letchworth, Welwyn and Wythenshawe in Manchester, or the garden suburbs such as Hampstead and Bedford Park in Chiswick.

After the First World War, the clamour for "Homes Fit For Heroes" was overwhelming. The result was a massive expansion of predominantly private housebuilding. Completions peaked at over 350,000 per annum in the late 1930s – more than double the level of house building we have seen in recent years. This made housing affordable to more people than ever before.

By the end of the Second World War, housing was top of the agenda once more - opinion polls in 1945 showed that 41% said housing was their number one priority housing.

The post war consensus sustained another big increase in housing, but this time combined with new strong protection for the environment.

The Abercrombie Plan in 1944 which set out proposals for new towns close to London, but also for a Green Belt to protect the countryside and ensure the growing population could still reach green space. The New Towns Act of 1946, which made it possible to deliver 700,000 new homes over forty years in 28 new settlements and towns across the country. And the sixty-year-old Town and Country Planning Act set out new ways to protect the country from the urban sprawl made possible by car

ownership and to promote properly designed and planned development.

In the 1964 election, Labour, Conservatives and Liberals all fought on the same housing promise: to build 300,000 new homes a year. It seems hard to imagine, given the hostility many on the Conservative benches have shown towards 150,000 new homes a year, that Harold MacMillan could see it as such a triumph to build a million homes just forty years ago.

By the mid sixties population growth was again rising sharply and it was clear that existing plans could not cope. A new generation of New Towns were created at Milton Keynes, Peterborough, Telford, Warrington and Northampton. Every town and city built new estates and urban extensions.

However, the rush for housing growth in the sixties also sowed some of the problems we are still reaping forty years on. Mistakes such as the sixties tower blocks and the segregated estates of social and private housing are still troubling communities today. And they damaged public confidence in the planning system and in new housing development. Difficulties in renewing the post-war generation of New Towns made their grand visions appear dated and inflexible, unable to appeal to changing needs. Attlee's Housing Minister Nye Bevan, found his dream of the "tapestry of a mixed community" where "the doctor, the grocer, the butcher and farm labourer all lived in the same street" hard to achieve.

By the eighties, under the Conservatives, housing policy had become strongly market-led. Developers concentrated on sprawling executive estates on the edge of towns and cities often without infrastructure, social facilities or good design creating a backlash against new development that still runs deep. Housing policy supported the right to buy council homes, which rightly helped families access wealth for the first time. However, it ignored the quality of housing for those left behind in the social sector, and the needs of the most vulnerable. And, as interest rates rose to 15 per cent and inflation to nearly 10 per cent, 1.5 million households suffered negative equity and 250,000 families had their homes repossessed between 1990 and 1993 alone.

At the same time the focus on urban expansion and greenfield development led to declining town

and city centres, provoking the anxieties both of the countryside conservationists and the urban regenerators.

Where do we go from here

The challenge for us now is to learn the lessons from past housing policies, as we face today's new problems.

In many respects the challenges are very similar. Just as in previous generations we need a substantial increase in the level of housing. However the scale of building we have proposed – at 200,000 new homes a year – remains modest compared to what our predecessors achieved.

We face higher demand for home ownership due to rising aspirations, but also a growing need for more supported homes for those on low income. We face similar challenges to improve the quality of housing as well as the quantity. And the experience in recent years with brownfield development and urban renaissance has in many areas produced communities which should be more sustainable than the developments of previous generations.

But we need to go further now to support the affordable homes and quality developments we need. Changes to the planning rules we introduced this April give local councils greater responsibility to identify more good sites for new homes. But it also gives them more flexibility to insist on family housing, to require more affordable housing and to demand higher design standards – including green spaces, gardens and play areas as well.

Local councils in every region need to do more to identify good sites for more homes. 40 towns and cities across the country have come forward to propose significant housing increases in their area, on top of the developments in the Thames Gateway and other growth areas such as Milton Keynes. But more will still be needed. Councils need to do more to bring forward brownfield land. And they need to seek the most sustainable locations for development – including considering new towns as well as urban regeneration and extensions too.

Gordon Brown has made clear that social housing will be a priority for the spending review too. We need to go further than the 50% increase we have seen in recent years. But that means we also need to look at new ways of financing additional homes.

And we need more shared ownership too in order to wider access the wealth and help people get their first steps on the housing ladder.

We want to see the private sector do more – developing the market in equity loans to help first-time buyers take the first step onto the housing ladder, building more affordable housing and contributing through planning gain.

We want to see more done by Housing Associations to get better use of their assets – including those who currently hold extensive assets but are not using them to build. We would like to see them doing more – perhaps in partnership with other Housing Associations and Local Authorities.

I believe councils have a stronger role to play. The current system penalises councils for building homes by redistributing some of the rents from those homes across the country. From next April we will change the rules so that councils building through Arm's Length Management Organisations or Special Purpose Vehicles can keep the rents of the new homes they build, and make it easier for them to build new homes to rent and buy on council owned land. We need to look at new ways of financing this – including community land trusts, co-operative models, as well as new ways for first time buyers or those in private rented homes and social housing to save and build up property assets too.

Of course homes require infrastructure investment too. Already we have put billions into infrastructure to support, new homes especially in the Thames Gateway and growth areas. But more will be needed, which is why we are looking at new ways to finance that too.

New Challenges

But we also face two important new challenges compared to previous generations. The first is from climate change. The second is from the extent of political opposition that remains to new homes.

Our homes account for 27% of the nation's carbon emissions. The homes we have yet to build will account for a third of our housing stock by 2050. That is why we need to make sure we use new developments to promote higher environmental standards and to cut carbon emissions too. We have already set out a timetable to cut carbon emissions from housing so that all new homes are zero carbon by 2016. But we need new approaches

and ideas to increase housing and raise environmental standards at the same time.

After the war, the Labour government led a nationwide consensus in support of new housing and greater environmental protection too. The New Towns were built alongside the introduction of strong planning controls and the Green Belt. Sixty years ago, the post-war generation recognised the importance of promoting economic and housing growth and protecting the environment at the same time.

We need to do the same again. Like the post-war generation we need to set out a clear and radical programme to increase housing and to protect the environment at the same time. That means developing ambitious new ideas, like Gordon Brown's support for five new eco-towns combining the affordable homes we desperately need in truly sustainable developments. Offices, shops, schools and local transport should be designed to cut carbon emissions too. We want to see local councils now coming forward with proposals for eco-towns, looking particularly at old brownfield and public sector land which could be used.

And at the same time we are looking at ways to increase standards in major regeneration developments in the Thames Gateway. These new developments could set the standards and help develop the technologies to cut carbon emissions across the country and even across the world.

Given the housing pressures on first-time buyers and young families, there should be strong support now across the country for the new homes and the higher environmental standards we need.

After all, in previous generations there was a strong consensus across the political divide on the need to build the 300,000 homes the nation needed.

Today, the Labour government's commitment to build 200,000 new homes a year has become a significant political dividing line. The Tories have repeatedly refused to support these additional homes. Tory Communities Minister Caroline Spelman said, "we need more homes, but not on the scale Kate Barker recommends" and countless Tory MPs (including Shadow Housing Minister Michael Gove) have signed parliamentary motions or called debates opposing increased housing in their areas.

Across the regions the Conservatives are opposing increased housing too. In the South East, the

Conservative-controlled Regional Assemblies are actually arguing for cuts in the level of housebuilding compared to their plans from six years ago.

And it matters. The Regional Assemblies and local councils play an important part in the planning process. The fastest way to increase housebuilding in this country would be for Regional Assemblies and local councils to swiftly identify more appropriate sites for homes.

In London and the South East, first-time buyers are being let down by the strong opposition of the Conservative South East Regional Assembly and Conservative Councils to increased housing in their areas.

David Cameron says he wants to help first-time buyers. Yet his party at national, regional and local level are still opposing the increased homes that first time buyers need. If the Conservative leader was serious about housing he would call on the South East Regional Assembly to drop their campaign for cuts in homes. Instead he is doing nothing to persuade his own party at regional or local level to deliver the homes we need

Either this is a shocking lack of leadership on a serious problem facing Britain. Or it is another example of the Tory leader saying one thing, but doing another, and letting British families down.

The Labour government has made clear its commitment to building more homes at higher standards. We are calling on local councils all to do more to support the extra homes Britain needs. Gordon Brown has made clear his strong commitment to improving housing in this country. But we need the local partnerships in every region, every city and every community to deliver the homes for the future which we need.

Conclusion

I believe that building more and better homes for our children must be one of the main priorities now for the Labour government looking forward to the next ten years. But it must also be a priority for local government and for communities in every region.

We need to learn lessons from previous generations - from their mistakes as well as their successes. But if we don't give housing the same priority that previous generations did, the conse-

quences in terms of inequality, and denied opportunities for our children will be severe. This is our chance to build truly sustainable futures for the next generation.