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# Social Rent Council Housing Should Be the Government's First Housing Priority

**To Andy Burnham**

**Dear Andy,**

As Mayor of Greater Manchester, you argued that:

"The government should make building hundreds of thousands of council homes its defining purpose. No other policy achievable within a Parliament would have greater social and economic benefits."

Following your election as Labour leader, you pledged that a government led by you would deliver: "the biggest council house building programme since the post-war period."

That is what the members and affiliates want. **This year's Party Conference voted in favour of**:

- A large-scale council housing programme, with guaranteed funding to build or acquire at least 90,000 social rent homes each year;
- Ending Right to Buy;
- Cancelling council housing debt;
- A publicly funded retrofitting programme; and
- Caps on service charges and above-inflation rent increases.

Few policies would do more to tackle poverty, improve public health, reduce inequality, lower Housing Benefit expenditure, and address the housing crisis, than a major programme of social rent council housing. It will take families off the waiting lists, reduce dependence on poor-quality and expensive temporary accommodation, lower NHS costs arising from housing-related ill health, and provide better value for the public purse.

**However, despite repeated commitments to council housing, it remains only a marginal part of the Government's Social and Affordable Homes Programme**. The programme commits funding for just 18,000 social rent homes per year, only 6 percent of the Government's target of 300,000 homes annually. **Not a single pound is ring-fenced specifically for council housing**. Instead, local authorities must compete for funding against housing associations, for-profit providers, private developers and major volume builders.

**You have previously argued that affordable housing funding should be directed towards council housing**. However, the first tranche of funding for 33 “Strategic Partners” includes just three councils. The grant they receive is just £392.2 million of the £9.58 billion allocated outside London. They will deliver just 2,811 homes over ten years out of the 73,617 homes being funded; just 3.8 percent. By comparison, both the for-profit provider Sage and the housebuilder Vistry will each receive around £350 million.

**The overall £40.5 billion programme falls far short of what is required**. The additional £1.5 billion announced in the Budget is expected to support only around 10,000 extra homes, not all of them social rent or council housing.

Recent analysis by Shelter estimates that grant funding of £177,000 per social rent home is necessary. The Office for Budget Responsibility has estimated grant of between £150,000 and £200,000 per home. Delivering the minimum 90,000 social rent homes per year called for by Party Conference, Shelter and many other organisations, would therefore **require more than £15 billion annually in grant funding**.

Such investment is both affordable and necessary. The Attlee government built around 800,000 council homes despite operating in far more challenging economic circumstances, with a debt to GDP ratio of 250 per cent.

Insufficient funding is not the only problem with the Government's housing policy. It also retains the previous Conservative government's definition of "affordable housing". As you have rightly observed, much of what is labelled affordable housing is not genuinely affordable. “Affordable rent” averages £60 per week more than social rent, and £90 a week in London. This places unnecessary pressure on household finances while simultaneously increasing Housing Benefit expenditure.

**The Government should therefore stop funding “Affordable Rent” homes and focus exclusively on social rent housing, which delivers lower rents, and better long-term value.**

One of the principal drivers of the cost-of-living crisis is high housing costs. While council rents remain below private sector rents, council and housing association tenants have nevertheless faced above-inflation rent increases in 19 of the past 25 years. As a result, rent arrears have risen sharply, with council arrears now at £393 million and housing association arrears nearly £800 million.

The Government's proposal to permit ten years of above-inflation rent increases will most likely drive up rent arrears, further increase Housing Benefit costs, and increase poverty. **As the Party Conference resolved, this policy should be abandoned**.

You have previously used the graphic analogy that building council housing, while retaining Right to Buy, is like trying to fill a bath with the plug removed.

We agree. If Britain is serious about rebuilding its stock of council housing, **Right to Buy must be ended**, as it has been in Scotland and Wales, rather than merely reformed.

At the same time, existing council housing must be properly maintained. More than one hundred councils have warned that their Housing Revenue Accounts are financially unsustainable. Party Conference, Shelter and other housing organisations have consequently called for council housing debt to be cancelled. **Doing so would release more than £1 billion every year for the maintenance, improvement and modernisation of existing homes**.

We therefore call upon the Government to make social rent council housing its first housing priority. This requires:

- A programme of at least 90,000 new build or acquired social rent homes annually;
- Dedicated and substantially increased funding for council house building;
- The abolition of Right to Buy;
- The cancellation of council housing debt;
- An end to funding so-called Affordable Rent homes;
- A publicly funded programme of retrofitting existing homes; and
- The abandonment of plans for a decade of above-inflation rent increases.

Britain needs a genuine renaissance in council housing. We urge you to deliver the social rent homes we desperately need to begin to resolve the worsening housing crisis.