

The Centre for Social Justice
9 Westminster Palace Gardens
Artillery Row
London SW1P 1RL

Website www.centreforsocialjustice.org.uk



**PRESS RELEASE FROM THE CENTRE FOR SOCIAL JUSTICE
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COUNCIL TENANTS WHO LOOK FOR WORK SHOULD BE GIVEN STAKE IN THEIR HOMES – NEW REPORT

Up to 10 million social housing tenants should be rewarded for decent behaviour by giving them a stake in their property under radical new plans designed to break down the “ghettos” of Britain’s council estates, according to a new report from the think-tank set up by the former Conservative leader Iain Duncan Smith.

The 134-page report charts how many of the stable and prosperous working class communities of the 1960s and 1970s have degenerated into sink estates trapping their tenants into lives on benefits from which few ever escape.

It proposes incentives designed to reduce welfare dependency and enable the poorest families to begin to acquire assets and join the mainstream of society.

Housing policy should be used as an active lever in moving people from welfare to work, rebuilding mobility and ending the financial apartheid created by a benefits system that penalises savings.

“Housing policy must be seen as part of broader social policy which aims to get people back to work and in a position to help themselves, their families and communities...Currently, social housing can act as a huge disincentive to going back to work, and is blocking mobility,” Mr Duncan Smith says in a preface to the report from the Centre for Social Justice.

“Over the years, our housing system has ghettoised poverty, creating broken estates where worklessness, dependency, family breakdown and addiction are endemic,” Mr Duncan Smith adds.

The report cites polling conducted by YouGov for the CSJ that shows that 70 per cent of those who pay their social housing rent on time want to own their own home.

Yet the benefits system denies realisation of this aspiration, which would have a wider beneficial impact on run-down, crime-ridden estates.

The report proposes that sitting tenants who pay their own rent and make a contribution to society should be given discounts on the purchase price of their property to help them buy it outright or in part.

But it goes further by calling for economic analysis of the proposal that tenants who make genuine effort to get off benefits and find work should be rewarded by the carrot of an increasingly large equity stake in their home.

The reports says: “We encourage an incoming government to look at releasing some of the value in social housing to sitting tenants who pay their own rent and make a contribution to the community. This could take the form of a discount on the purchase price for those moving to outright or shared ownership.”

“However, the most radical approach is also the most important. We recommend that economic analysis be commissioned into the rewarding of constructive behaviour in the community, including, but not limited to, a genuine effort on the part of a social housing tenant to find work, by giving social housing tenants increasingly larger equity stakes in the home.”

The report adds: “Helping to lift the most vulnerable out of income poverty is by no means easy, but it is certainly easy relative to helping them escape asset poverty.

“Yet the potential benefits from helping the most vulnerable escape are immense. The ownership of an asset encourages a series of behavioural changes. Those who own are more likely to protect their assets, to protect their position of ownership and to engage in constructive

behaviours that enable their assets to be protected and enlarged:
behaviours that benefit themselves, their families and the community at large.

“We need to find a way to end the cycle of destructive behaviour on our social housing estates. This must involve fostering a real link between aspiration and behavioural shift. Finding a way to relieve asset poverty...is tantamount to offering hope. Along with this hope comes the incentive to behave more constructively, to take action and responsibility for one’s own life. Society will benefit in every way from these behavioural changes...

“Having a stake in a home is both a privilege and a responsibility. It would inculcate the values of constructive social behaviour and create, from the vicious cycle, a virtuous cycle that encourages social housing tenants to improve their family’s future.

“While occupied by social tenants social housing has very little value. Turning tenants into owners releases the value of the home and allows the most vulnerable in our society to benefit.”

The report also makes a series of other recommendations aimed at broadening the social mix of housing estates, relieving inequality and meeting the aspirations of a majority of low-income social housing tenants to own their own homes through, for instance, wider access to shared ownership schemes.

In a foreword to the report, Kate Davies, chairman of the group of experts who have produced *Housing Poverty – From Social Breakdown to Social Mobility*, calls for an end to Whitehall targets for building new social homes and advocates a “localised revolution in housing supply”.

The report says: “Councils need to be free to decide how housing resources are deployed in their areas, balancing the needs to improve existing council homes, build new ones and work with the private and not-for-profit sectors to provide a range of lower cost housing options for local residents.”

As part of this shift in power from the centre to local authorities, the law should be changed to end the “stifling requirement” that social housing tenancy be secure for life. Instead, councils and housing

associations should be allowed the flexibility to adapt tenure agreements to meet the needs and aspirations of clients.

Mrs Davies adds in her foreword: “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.”

The report charts the way social housing has become the preserve of the poor and vulnerable over the last 30 years as a result of deliberate Government policy of insisting that councils and housing associations allocate properties to those in greatest need.

The number of homes rented from councils and housing associations peaked at 5.5 million in 1979 and has fallen steadily since then to 3.9 million in 2007, providing accommodation for an estimated 9.8 million people. Some 1.6 million households were on waiting lists last year.

In the early 1980s, council tenants’ average income was 73 per cent of the national average. Today two thirds of social housing tenants are among the poorest 40 per cent of the population. Between 1981 and 2006, the proportion of social housing tenants of working age in full-time employment fell from 67 per cent to 34 per cent, the report says. Two thirds of social housing tenants receive housing benefit even though their rents are about one half of the private sector.

Meanwhile, children growing up on housing estates are enmeshed in a culture of worklessness. More than half of the heads of households aged 25-54 are not doing any paid work and a quarter are classed as permanently sick or disabled. Nearly one in five social housing tenants are lone parents. More than four fifths of social housing tenants are still there 10 years later.

The housing crisis has been compounded by other factors – growth in population and household formation and sharply rising house prices – only now being checked by the recession. On the official index, housing has become twice as unaffordable over the last decade.

Home ownership has stalled and is declining rapidly among the young. The proportion of owner-occupiers among the 20-24 age range fell from 41 per cent in 1984 to 20 per cent in 2004.

Three key propositions underpin the report: social housing is not a “desirable destination”; private ownership of property is preferable to state ownership; and councils should be freed from central control and targets and allowed to develop housing policies meeting local needs.

Mrs Davies says that social housing should be “a dynamic resource, playing a part in helping people 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 that 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.”

Polling for the report by *YouGov* found that many social housing tenants expressed dissatisfaction with their neighbourhood.

Over 20 per cent of social housing tenants on estates where flats are the norm said that drug dealers and users were a problem. Such people were far more fearful of crime and burglary than the general population and nearly a half did not trust their neighbours.

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Notes to Editors:

To obtain copies of the report *Housing Poverty: From Social Breakdown to Social Mobility*, please contact the Centre for Social Justice at info@centreforsocialjustice.org.uk or on 0207 340 9650. The full report can also be downloaded at www.centreforsocialjustice.org.uk.

For media inquiries, please call Nick Wood of Media Intelligence Partners on 07889 617003 or 0203 008 8146 or Alistair Thompson of MIP on 07970 162225 on 0203 008 8145.