

# **Social Housing in the UK and US: Evolution, Issues and Prospects**

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## Introduction

Social housing is a very significant part of the housing stock in the UK, accounting for about 25 percent of all housing. Social housing – consisting of local authority public housing and non-profit housing association dwellings – continues to provide accommodation to more than 5 million households, by no means all of them low income. Social housing remains important, and continues to have a substantial constituency – despite the loss of about four out of every ten local authority (council) dwellings to sales, transfers and demolitions over the past two decades (losses only partially offset by the increase in housing association dwellings), and despite the ostensible “residualisation” of social housing as the UK has been swept by the US-style idealisation and ideology of private speculative homeownership.

In the US, by contrast, publicly subsidised housing comprises only about 5 percent of the stock, and most of this is not truly social, i.e., owned by public or not-for-profit entities. Rather, over half of all subsidised housing in the US is owned by profit-making companies and individuals who receive various types of public subsidies that reduce rents for residents while assuring profits for investors. Unlike social housing in the UK, subsidised housing in the US has always been “residual” and served a predominantly low-income population. This difference is not, however, due to more widespread homeownership in the US: indeed both nations have virtually identical rates of homeownership, slightly under 70 percent. The difference in scale is due primarily to the existence of a much larger and more powerful private rental industry in the US, which has long and effectively prevented the growth of a substantial social housing industry and ensured, since the 1960s, that most housing subsidies be directed to private, for-profit development and ownership of rental housing.

Over the past two decades subsidised housing in the US has also faced severe challenges, some of them similar to those facing social housing in the UK, others rather different. The public housing stock has been reduced by about 100,000 units, out of a total stock of about 2 million units. This has occurred not through sales to residents as in the UK, but through large-scale demolition and redevelopment, rather like estate regeneration in the UK. In some cases it has involved reconstruction by private companies with far less than full replacement of the lost units, in other cases with no replacement of low-income housing at all. In addition, about 100,000 subsidised units have been lost in privately developed and owned estates, as the owners have elected to opt out of subsidy programs and convert the housing to market-rate. Furthermore, as in the UK, public funding for new production has supported fewer new units and been shallower. Finally, somewhat similar to the UK, a growing share of housing support has been in the form of rental assistance in scattered private rental housing. In the US this is in the form of vouchers, that work somewhat like UK housing benefit, although vouchers never cover the full rent and are not available as an entitlement.

This paper is focused primarily on social housing in the UK, at selected points drawing upon the US experience to elucidate issues and draw mutual lessons. The emphasis is on ownership and tenure, financing, resident activism and participation, and to some extent rent-setting and affordability. The first section begins with an historical sketch of social/subsidised housing in the two countries, identifying aspects of convergence and divergence in social housing policy and practice since the late 19<sup>th</sup> century. It concludes with

a summary of major current issues around social housing in the UK along a number of dimensions: physical, ownership, financing, social, participation and activism. The sources for this investigation have been government, professional, academic and advocacy materials – hard-copy and web-based – supplemented by several interviews.

The second section is about social housing in the southeast London borough of Lewisham. Given the complexity of the issues and constraints of this project, I determined that the only way in which I could move beyond general knowledge gleaned primarily from published sources would be through direct encounter with a particular locale. I also realised that engagement with this locale would enable me to look at some geographical, physical and social issues – place, space and race – more tractably than is possible at the national scale.

Fortuitously, my host institution is located and has been actively working in a borough which is particularly appropriate for such a case study. Lewisham has a large amount of social housing, a diverse population, a skilled local authority housing staff, an array of large and small housing associations, and a tradition of resident and community activism. Whilst the housing situation in London is certainly different in some respects from that outside of London, and the south of England is different from the rest of the UK, in many ways the issues around social housing in Lewisham and how they are being grappled with are not so different from what is taking place in cities across the UK. Even though they are not facing the same private market pressures as London, places such as Birmingham and Manchester, Edinburgh and Glasgow, Belfast and Derry/Londonderry, as well as many other cities, have large amounts of social housing, increasingly diverse populations and substantial poverty, strong political cultures, and evolving relationships among the statutory, voluntary and community entities concerned with social housing.

The second section of the paper begins with an overview of the location and demographics of Lewisham, followed by a selective history of social housing in the borough. Some particular attention is given to racial issues and community activism in social housing as they have manifested themselves in recent decades. This is followed by discussion of current policy issues and local initiatives, as well as some prospects for the future as perceived by some of those involved. The sources have included: historical materials; data, maps and documents obtained from Lewisham Housing staff and website; reports from the Centre for Urban and Community Research at Goldsmiths College; interviews with activists and professionals; and first-hand observations.

The final section draws upon what I have learned about social housing in the UK in general and Lewisham in particular, and upon my work on housing in the US, to provide some reflective recommendations and proposals. Potential reforms are proposed with regard to social housing finance and the roles of local authorities and housing associations. The proposals have not been evaluated using any formal schema, but have been guided in a loose way by principles of efficiency, effectiveness, equity, democracy and social inclusion. They are intended to stimulate thought and provoke discussion, without claiming to be in any way comprehensive or definitive.

# Social Housing in the UK and US

## Historical Overview

The history of social housing in the UK and US reveals periods of convergence and periods of divergence in philosophy and policy. The periods of divergence have resulted in a far larger social housing sector in the UK, and continuation of a broader level of support for social housing despite considerable convergence with the US in recent decades.

### Pre-World War I

Social housing in the UK and US had rather similar origins in the late 19<sup>th</sup> century cooperative movement and so-called “philanthropic” housing, but thereafter diverged quite substantially.

During the nineteenth century, programs for the cooperative ownership of places of work and residence were integral parts of the utopian and revolutionary critiques of capitalism in the United States as well as Europe. In Britain, the cooperative housekeeping movement promoted housing and living arrangements in which “[h]ouseholds retained their individual homes and privacy, but ate some meals in a communal dining room and shared other communal facilities” (Pearson, 1988, p. 1).<sup>1</sup> In the US Melusina Fay Pierce advocated cooperative residential neighbourhoods as early as 1869 (Hayden, 1984, pp. 29 and 72-74), as part of a vision she shared with many feminists and some socialists who saw a seamless connection between the public and private and the productive and reproductive realms in a radically transformed industrial society.

Although a small number of cooperative housekeeping developments were built in England between 1874 and 1925 (Pearson, 1988, p. 189), most of the earliest coops actually developed in Britain and the United States did not embody this radical vision, but were instead variations on rental in Britain (Birchall, 1988, pp. 95-97) or a form of homeownership in the US. The first coops in the US (in New York between 1876 and 1885) were for high income urbanites (Siegler and Levy, 1987, p. 14), presaging modern luxury coops (especially in New York) and condominiums (in Boston and other US cities). It was not until the twentieth century that the first fully-mutual, non-speculative, socially-oriented cooperative housing was developed in the US, and not surprisingly, most early coops of this sort were in New York and under union auspices. In the early part of the century, several workers’ housing cooperatives were developed (Abrams, 1946, p. 182; Siegler and Levy, 1987, p. 14), but most did not last.

During this period there was a similar modest cooperative housing movement in continental Europe, especially in Germany (Harloe, 1995, p. 52-53). In Britain the cooperative impulse manifested itself primarily in the form of cooperative building societies, which used pooled savings to finance working-class owner-occupation (Birchall, 1988, pp. 91-92). However, “[b]y the end of the century these were becoming large-scale organisations, no longer with any real cooperative basis and certainly not with any strong links to the organised working class...” (Harloe, 1995, p. 35).

In the late nineteenth century moral righteousness and enlightened self-interest on the part of some capitalists stimulated a modest move toward “philanthropic” housing in both Europe and North America. In Britain, limited-dividend “philanthropy at five percent” began as early as the 1840s (Malpass and Murie, 1999, p. 29). This was followed later in the century by a number of charitable trusts, the most famous being Peabody, Guinness and Rothschild (Malpass and Murie, 1999, p. 30).

In the US the same impulses resulted in non-profit or limited dividend projects in a number of cities in the early part of the twentieth century, totalling several thousand units. Because profits from development and ownership were eliminated or restricted, the housing was slightly less expensive initially than speculative new housing. But in both the UK and US, with construction costs to be paid off out of rents, the units were still more expensive than the tenements occupied by poor and working-class people, so the residents were mostly moderate to middle income. Furthermore, the strict management of tenant behaviour and the emphasis on “moral uplift” in this and similar housing tended to result in exclusion for social as well as economic reasons (Malpass and Murie, 1999, p. 30). Had these developments remained out of the speculative market, by today they might be debt-free social housing and hence much less expensive than speculatively owned apartments of the same vintage or newer. However, most were eventually sold. As Charles Abrams aptly put it (1946, p. 175): “Philanthropy could no more solve the problem of housing than it could solve the problem of poverty.”

Apart from these early historical connections in cooperatives and philanthropic housing, a great divergence opened between the UK and US even before the twentieth century in terms of governmental involvement in social housing. In 1890 the UK Parliament provided the legislative authority, but no financial assistance, for local governments develop housing for working-class tenants (Malpass and Murie, 1999, p. 32). In 1888 the London County Council (LCC) was created as a unitary governing authority for the entire area of Greater London (except the City, which was and is still autonomous), with the development and redevelopment of housing as a major part of its mandate (Akroyd, 2000, p. 705-706).

In 1896 the LCC developed the first council (public) housing, in the East End, specifically in Bethnal Green near the top of Brick Lane. Known as the Boundary Estate, it “comprised an area of 14 3/4 acres and involved displacement of over 5,700 persons...” (London County Council, 1937, p. 4). Multi-story brick structures built around a small central park, the estate still stands; it remains rented council housing and, not surprisingly, is listed and may not be demolished. Whilst the surrounding area has witnessed enormous demographic changes, in terms of a large influx of Bengalis and more recent gentrification, the population of the Bethnal Green estate is largely older and white; reportedly they are too poor to have exercised the “right to buy.” Also, the units are very small and lack modern amenities, so speculative market pressures have not swept it away as social housing (M. Keith, 2002). Nonetheless, given the housing market pressures in the area and absent other protections, it is plausible to predict eventual sale of the units, followed by internal reconfiguration as luxury housing within the listed shells of the buildings.

Over the next eighteen years, the LCC developed high-quality public housing in various parts of London. Other major cities of Britain, notably Sheffield, Liverpool and Glasgow, also actively developed public housing. By the outbreak of World War I, about 24,000 units had been built (Malpass and Murie, 1999, p. 33). Whilst this activity addressed only a tiny

fraction of the need, the experience established the principle of public responsibility for housing in the UK, and established the practical capacity to deliver such social housing. By contrast, in the US the only public foray into housing production prior to the 1930s was for civilian workers in war-related industries during World War I (Stone, 1993, pp. 77-78).

### **The Inter-War Period**

Britain and the US emerged from World War I with very different housing needs and very different political environments, accelerating the divergence in social housing attitudes and policies that had begun two to three decades earlier. Peter Malpass and Alan Murie have summarised the situation in the UK as follows (1999, p. 37):

[T]here was a serious decline in the level of housing production for most of the decade before 1914, and new building fell still further during the war itself. The result was that by 1918 there was a severe housing shortage which for economic reasons private enterprise could not tackle effectively, especially in the short term, and which for political reasons the state could not ignore.

Michael Stone has described the very different environment in the US over the same period of history (1993, pp. 73-74):

In 1905 construction of new, non-farm housing units jumped dramatically to ... a level 50 percent higher than the previous peak in 1892. Even with cyclical fluctuations associated with the overall economy, residential construction remained at historically high levels through 1916, after which US involvement in World War I ended the boom.... The sustained level of construction increased the total amount of non-farm housing by over 45 percent in just the twelve years from 1905 through 1916.... Owner-occupied units doubled ..., as growing numbers of middle-class and better-paid skilled workers took on indebted homeownership.... The non-farm homeownership rate, which had been stuck at under 37 percent through the 1890s, grew ... to ... 41 percent in 1920....

The severe housing shortage in Britain after the War, together with private renting as the predominant tenure and the fear of social unrest if (and when) landlords exploited their advantage (Harloe, 1995, pp. 99ff.), led to the imposition of rent control and an enormous expansion of social housing by local authorities. Quoting again Malpass and Murie (p. 37):

The development of local authority housing can be seen as a positive response to the negative effects of rent control. At first, local authorities built mainly relatively high-quality houses, at lower densities than had been the norm for private working-class housing before 1914. Throughout the 1920s, local authorities concentrated on reducing the housing shortage and at a time of high costs their contribution represented the main source of supply of housing for the working class.

However the combination of high costs, high quality, low density and relatively low subsidy inevitably led to rents which were above controlled rents at the lower end of the private market. In other words, during the 1920s when housing policy was concerned with reducing the overall shortage, the public sector emerged as a tenure serving mainly the rather better-off workers and tending to exclude the least well off.

During the 1920s the total stock of council housing increased to about half a million units (estimated from Malpass and Murie, Figure 3.1, page 39), establishing social housing as a significant feature of the physical, social and political landscape of Britain. Nonetheless, for most of the decade social production was considerably exceeded by private production, for both owner-occupation and private rental. Private renting remained the predominant tenure – and continued to be so until the 1950s – despite the growth of owner-occupation through new construction and conversion of private rental stock (Malpass and Murie, 1999, pp. 38-39, and p. 11).

For the most part, the situation in the US in the 1920s was quite different. There was an enormous housing boom, far exceeding the pre-war boom. About 60 percent of the new housing was single-family houses, further increasing the non-farm homeownership rate to 46 percent by 1930 (Stone, 1993, pp. 79 and 86). As social housing remained quantitatively insignificant, the balance of new housing consisted of a large increase in the stock of private rental housing.

Nonetheless, interest in social housing in the US did not disappear entirely in the 1920s. Similar to continental Europe, but in contrast with Britain (Harloe, 1995, pp. 101-102), there was a continued focus on cooperative housing. In the late 1920s New York State passed a limited-dividend housing law (known as “Mitchell-Lama”) that, among other things, facilitated coops for moderate-income and middle-income people (Siegler and Levy, 1987, p. 14). One of the first was the Workers Cooperative Colony in the Bronx, developed by the Amalgamated Clothing Workers. Completed in 1928, it grew eventually to 1,400 units and still remains a coop (Wright, 1981, pp. 198-199; Hayden, 1984, p. 91; Siegler and Levy, 1987, p. 14). However, despite state tax exemption, the coops developed by labour groups in New York were affordable only to higher-paid workers. Furthermore, subletting and turnover tended to undermine the socially oriented philosophical foundations (Abrams, 1946, pp. 181-182).

The Great Depression of 1930s saw the emergence of a permanent public housing program in the US. It also saw a rather remarkable convergence of UK social housing policy toward the US philosophy. Whilst the primary focus of the US government’s large-scale engagement with housing in the 1930s (and ever since) has been on mortgage lending, home building and home ownership (Stone, 1993, pp. 94-97, and pp. 163-188), the one major exception was public housing, which differed in its financing, development, ownership and occupancy.

By the time Franklin D. Roosevelt took office as President in the spring of 1933, political pressure was growing for a major public works program to provide construction jobs and use construction to boost the overall economy in the US. Some of the more progressive housing reformers supported this movement as a way of getting federal resources for the production of public housing for low-income families. Federal legislation passed in the summer of 1933 authorised the use of some public works funds to finance construction of low-cost housing, along with slum clearance. Whilst modest, the program foundered on legal challenges; but a new, legally successful, and permanent, public housing program took its place (N. Keith, 1973, pp. 23-24). Under the US Housing Act of 1937, local housing authorities would have complete responsibility for developing, owning and managing projects, with the federal

government providing capital financing and regulatory oversight (US Congress, 1975, p. 9). By 1939, the program was fully in operation; and before World War II brought the program to a virtual halt, over 270,000 new units were started, accounting for one out of eight housing starts over the four-year period (Stone, 1993, p. 98).

Although US federal regulations required that local housing authorities house the very poor, the local agencies had a lot of control over where they would build and whom they would accept – generally white families consisting of two parents and children. Indeed, the poorest families could not afford public housing, since rents had to cover all of the operating expenses for the housing (though not the capital costs, which the federal government paid for). Social workers investigated families to determine their fitness and likelihood to improve themselves through improved living conditions. Furthermore, to provide a broader public purpose rationale and minimise the impact on private rents, emphasis was placed on redevelopment of so-called slums rather than greenfield development. And whilst this early public housing was solidly built and sometimes externally attractive, the interior designs were generally spartan, to convey a certain psychological message and avoid making public housing as appealing physically as new private rental housing (Wright, 1981, pp. 229-231).

In the early 1930s UK social housing policy underwent a shift that presaged the US approach just described. As Malpass and Murie have explained (1999, p. 38):

After 1930, and more especially after 1933, however, local authorities were pushed toward a quite different role, abandoning general needs housing in favour of slum clearance and redevelopment.... The standard of new local authority housing was reduced, partly in order to produce rents that could be afforded by poor families. Another factor was probably the desire to make council housing less attractive to people who could afford secure private accommodation.

Nonetheless, by the beginning of World War II, Britain had over a million council units, 10 percent of the entire housing stock (Malpass and Murie, 1999, page 43). Whilst produced over a much longer period of time, this was about four times the number of public housing units in the US, a country about five times larger in population; i.e., proportionally, Britain had about 20 times as much public housing as the US.

### **The Post-War Period**

The period immediately after World War II again saw wide divergence between social housing policy and practice in the UK and US, growing out of different physical and political conditions. Although both countries faced housing shortages from the wartime diversion of labour and materials, for Britain this period had been longer by two years. At least as significantly, the US had been spared the bombing that Britain had experienced. In America, “homes for heroes” meant millions of modest single-family, owner-occupied houses sprawling across the countryside – socially underwritten private production and individualised consumption. In Britain, “homes for heroes” meant millions of council flats with indoor plumbing and central heating – socially underwritten public production and collective consumption.

In the UK, local authorities produced more than 2.9 million housing units in the two decades after the War, initially in response to the enormous housing shortage and as an essential part of the welfare state. In the first phase, until the mid 1950s, most of this housing was of high quality. Much was in outlying, greenfield areas, consisting of semi-detached dwellings with gardens. This was housing for the “deserving” working class, who had borne the sufferings of the war and had political clout, having swept the Labour Party into power after the War (Malpass and Murie, 1999, pp. 53-57).

In the mid 1950s social housing policy in Britain shifted back toward convergence with US policy, with a focus on slum clearance and re-housing of lower-income inner-city populations, and with a decline in the quality of new social housing (Malpass and Murie, 1999, p. 55). In the US, whilst the most significant elements of housing policy in the postwar era were aimed at suburban homeownership and stable economic growth, the Housing Acts of 1949 and 1954 created the famous and often-infamous urban renewal program. They authorised continuation of the federal public housing program, but stipulated that no new public housing be built except to replace “slum” housing as part of urban redevelopment/renewal (Stone, 1993, pp. 111-112).

Secondarily, there was also modest growth of several hundred thousand units of cooperative housing in US after World War II. The great majority of these were middle-income cooperatives, with government mortgage insurance or financing, but no subsidies other than state or local tax concessions. In addition, there evolved a whole infrastructure to undertake development and provide technical assistance, services and training for coop housing (Siegler and Levy, 1987, pp. 16-19). Indeed, after the War some progressive housing activists advocated a large-scale coop program as part of urban redevelopment, as a complement to public housing for households who could not qualify for the latter, and as model for eventual conversion of public housing to resident control (Abrams, 1946, pp. 179-187). From the mid-fifties, though, middle-income interest waned in the face of “anti-collectivist” ideology and the suburban triumph.

In the 1960s inner-city public housing continued to expand in both the UK and US, primarily as part continued of slum clearance. The housing was typically in large estates of monolithic blocks of flats, often of dubious quality design and construction. In both countries there was substantial increase of low-income and non-white families in such public housing. The congruence of such social and physical configurations has led in both countries to increasing stigmatisation and marginalisation of great swathes of public housing.

At the same time, governments in the UK and US were also opening avenues for much greater private sector involvement in publicly assisted housing. In Britain this took the form of policy support for housing associations, “which enabled public funds to be channeled to associations, established the modern framework for their operation and provided the basis for later growth” (Malpass and Murie, 1999, p. 73). Initially, however, this was unsubsidised assistance, very similar to the type of support in the US for coop housing described just above. Similarly as well, interest waned after an initial wave of activity (Malpass and Murie, 1999, p. 73).

The opportunities for UK housing associations changed substantially, however, with the new

legislation in the early 1970s that enabled housing associations for the first time to receive subsidies for provision of rental housing and launched their rapid and still-increasing role in the UK. Malpass and Murie have summarised some of the essential changes as follows (1999, p. 75):

The new subsidy system recognised the particular financial structure and vulnerability of associations during the development process, and their lack of a pool of older properties to cross-subsidise rents on new schemes....

To finance housing association activity, a new set of subsidies was introduced. The main one – Housing Action Grant (HAG) – was a deficit subsidy and applied to new building and acquisitions, improvement works and conversions. It has always been administered as a capital grant rather than as an annual contribution to debt charges....

In the US, the late 1950s, and especially the 1960s, witnessed an even more profound tilt in policy toward private sector involvement in the development and ownership of housing for low and moderate-income households. To a limited degree, this change parallels the growth of support for housing association movement in the UK. The closest direct parallel is provided by the relatively progressive Section 202 Program created by the Housing Act of 1959, which provided direct federal loans, with terms of up to fifty years, at below-market interest rates (initially less than 3 percent) to non-profit entities for production and management of multifamily rental housing for the elderly, expanded in 1964 to include non-elderly disabled (US Congress, 1975, pp. 68-69).

Unlike all subsequent housing production programs, Section 202 has from the outset been restricted to development and ownership by non-profit (and public) entities. The result has been the emergence of a set of organisations specialising in such housing, although some regional and community-based non-profits have included 202s among their broader housing repertoires. Owners of Section 202 housing may not sell the housing into the speculative market, at least during the term of federal financing and regulation; and even in the rare instances of foreclosure, projects have been transferred to other non-profit owners. Furthermore, since 1990 Section 202 housing development has been financed by direct federal capital grants rather than any debt. These features have made the 202 Program the greatest success and premier model of privately-owned social housing in the US (Stone, 1993, pp. 201 and 259).

For the most part, though, the shift in the US toward public support for private provision of low and moderate housing has represented a distinctly American path toward *for-profit* subsidised housing. In the early 1960s, the federal government made available below-market mortgage financing for family housing, to be provided by “limited dividend” corporations, as well as non-profits, coops and public agencies other than public housing authorities (US Congress, 1975, p. 76). For the first few years, profit-motivated developers were not major participants because the profit potential was not sufficient. Only after the Internal Revenue Service changed its rules regarding accelerated depreciation of rental properties in 1967 did the program take off, since profit-oriented developers and their investment partners now could realise tremendous tax-shelter benefits.

Since the late 1960s, a succession of programs that provide direct subsidies to private developers, in conjunction with attractive tax incentives, have been the principal mechanism in the US for production of housing for low and moderate-income people (Stone, 1993, pp. 113-114). This framework certainly stimulated production: from 1969 through 1983 subsidised housing production in the US averaged over 200,000 units a year, including more than 300,000 a year from 1970 through 1973 (Stone, 1993, p. 155), by far the highest rates before or since. However, the tax benefits in this approach are used up after 15-20 years, so the policy included “expiring use restrictions” that permit developers to opt out and convert to unsubsidised housing after 20 years.

In Great Britain public rented housing increased from 12 percent of all housing in 1945 to nearly 32 percent in 1979 (plus a small, but unspecified additional percentage in housing associations, with just modest growth in the 1970s [Malpass and Murie, 1999, p. 59]). Over the same period, subsidised rental housing in the US (including subsidised for-profit developments) increased from less than one percent of all housing to about five percent, with two-thirds of that increase just in the 1970s (Stone, 1993, p. 158). Thus, despite periods and policies that bore some similarities, the two countries had quite different social housing environments at the beginning of the 1980s. Both were, however, entering periods with somewhat similar political regimes, regimes with similar attitudes toward social housing, but with rather different strategies given their housing different contexts.

### **The Thatcher/Reagan Period**

The Thatcher regime that began in 1979 in Britain, and the Reagan regime that began in 1981 in the US, marked the closest convergence between the two countries ideologically of any historical period in the 20<sup>th</sup> century, if not longer. In both countries there were attacks on public housing as part of broad attacks on the very notion of the welfare state, yet modest growth in privately developed social housing in the UK and subsidised housing in the US. Also, Britain now successfully emulated the US in the provision of homeownership and deepening of property-owning ideology, building on the considerable idealisation of individual, largely debt-encumbered homeownership that already existed (Cole and Furbey, 1994, p. 179).

In Britain not only was public housing a much larger proportion of all housing than in the US, it also housed a much more diverse population socio-economically and geographically. Thus, while US policy in the 1980s and early 1990s consisted primarily of draconian cuts in funding for new subsidised housing, cuts of comparable magnitude in the UK were greatly overshadowed by a shrewd policy to dispose of the best public housing occupied by the best-off council tenants (Cole and Furbey, 1994, Chapter 7). The so-called “right to buy” scheme offered council tenants deep financial discounts – up to 70 percent off the market value for tenants of 20 or more years residency – if they chose to buy their units, but not so deep that most would not still need additional financing. It also involved the weakest of resale restrictions, permitting resale after five years (later reduced to three years) into the speculative market with no price limitation or repayment requirements (Forrest and Murie, 1988, p. 56). This meant that the right to buy could be and was most extensively exercised by tenants who could qualify for and afford mortgages, and who lived in the best quality housing in the most desirable locations (Forrest and Murie, 1988, Chapters 5 and 6).

Between 1981 and 1996 owner-occupied housing increased from about 56 percent of occupied housing in the UK to 67 percent (Malpass and Murie, 1999, Table 5.3, p. 88) – a rate in 1996 comparable to that of the US. “More than half of the growth of the owner-occupied sector has been associated with the transfer of public sector housing stock, especially the Right to Buy” (Malpass and Murie, p. 89). More than 1.9 million units of local authority housing, three-tenths of the 6.5 million in 1979, had been lost to right to buy by 2001. (Tables B1 and B2).

Furthermore, three-quarters of the funds generated for the public treasury by the sale of council housing to residents was used to repay some of the remaining debt on council housing (Durden, 2001, p. 140), rather being available to local authorities where it might have helped to finance replacement housing. Furthermore, the net receipts available to local authorities only served to offset central government cuts in housing funds, and they needed to be used to maintain the existing stock rather than any new building (Forrest and Murie, 1988, pp. 96-97).

With the simultaneous reduction of general subsidy for public housing production, local authority housing production in the UK declined from over 100,000 units a year during most of the 1970s to fewer than 30,000 a year by the mid-1980s and essentially zero by 1993 (Golland, 1998, Figure 1.2, p. 7). Even with a modest shift to support for housing associations, total social housing production in the UK declined from an average of about 130,000 a year until the late 1970s to little over 30,000 a year from the mid-1980s through the early 1990s (Balchin, 1996, Table 14.3, p. 213; McCrone and Stephens, 1995, Figure 8.1, p. 141). Similarly in the US, subsidised housing production, which had averaged over 200,000 units a year from the late 1960s until the early 1980s, declined to fewer than 50,000 units a year by the late 1980s and into the 1990s – and only about ten percent of this was public housing (Stone, 1993, pp. 154-161, and Figure 5.9, p. 155).

The Thatcher policy thus brought Britain considerably closer to the US, by boosting middle-class homeownership, slashing social housing production and “residualising” public housing. “Residualisation” involved three inter-related elements:

- § reducing substantially the amount and proportion of public housing, primarily through transfers of ownership, and secondarily through private development and ownership of the very small amount of social housing production that took place;
- § leaving most of the remaining public housing as large urban estates (or “projects,” in the American sense), often of lower quality construction and maintenance; and
- § shifting the public housing population to one considerably poorer and less white (Forrest and Murie, 1988, pp. 11-12; Harloe, 1995, p. 367; Malpass and Murie, 1999, p. 274).

Nonetheless, social housing remained a much larger component of housing in the UK, even though it declined from nearly a third of all housing in 1981 to less than a quarter in 1996 (Malpass and Murie, 1999, Table 5.3, p. 88).<sup>2</sup> In the US, by contrast, only about six percent of all households were receiving housing subsidies in the early 1990s (Stone, 1993, p. 160).<sup>3</sup>

## **Current Issues in UK Social Housing**

In the late 1980s and early 1990s, the severe right-wing governments of Margaret Thatcher and Ronald Reagan gave way to somewhat “softer” conservative governments of George Bush I and John Major. These governments were, in turn, replaced by the centrist governments of Bill Clinton in 1993 and Tony Blair in 1997. With this progression, in both countries there was successively increased central government support for social and subsidized housing, but no where near the degree of philosophical and financial support that had existed prior to 1980.<sup>4</sup> Furthermore, in both the UK and US, there was no rollback in the diminution of public housing. Private sector involvement in provision of new social/subsidized housing, which in the US had become dominant in the 1960s and 1970s, now achieved dominance in the UK as well. Whilst in the UK private sector social housing providers are nominally not-for-profit – in contrast with the US where most new subsidized housing remains for-profit – in the area of housing finance Britain has also followed the earlier course of the US, consisting of public incentives and subsidies to leverage private financing.

The issues that are dominant today – issues that continued and emerged during the past decade – are many and complex in both the US and UK. It is not possible to describe them fully, let alone adequately analyze and evaluate them. In this section what I will therefore provide are observations on what seem to be some of the most important issues around social housing in the UK. The issues are considered in five categories, although in many ways they are interwoven and inseparable: physical, ownership, financing, social issues, and resident activism and participation.<sup>5</sup>

### **Physical Issues**

There are several major physical issues in social housing, not all of which are receiving the same level of attention:

- the condition of council housing estates
- the quality of newly built housing association stock
- the need for additional social housing

As mentioned in the historical discussion, nearly all of the local authority stock was built before 1980. As a result of age, as well as limited asset management and capital infusions, much of the rental housing still owned by local authorities is physically obsolescent and/or deteriorating. Most of the stock built before the 1960s is apparently structurally sound, and much of it remains very attractive on the exterior. Some went through a modernisation process 30 to 40 years ago, but whether or not that occurred the physical systems, roofs, windows, and brickwork of many of these old estates need major upgrading or replacement. In addition, a large amount of the council housing built in the 1960s and 1970s was poorly designed and constructed; maintenance requirements have been high and sometimes inadequate. Some of this stock is physically sound, if not necessarily beautiful, and has been the focus of upgrading, including some interior and exterior reconfiguration. For some,

though, the combination of poor design and poor condition argue for demolition and replacement. In certain instances the latter argument is being applied, however, to some council housing that could be renovated cost-effectively, but is situated on land now effectively deemed “too valuable for poor people.”

Beginning in the late 1980s and accelerating through the 1990s, the UK government responded to the physical crisis of council housing with a series of “regeneration” programs (Malpass and Murie, 1999, p. 92). These schemes have tended to focus on large, run-down inner-city estates, many of which had been “hard to let” -- sometimes for more than a decade -- for social reasons as least as much as for physical reasons. Such programs, which have gone through a series of incarnations and are continuing, have been renewing estates physically through a mix of renovation and demolition/replacement. Over time, these schemes have evolved to include attention to social issues and resident participation.

It is estimated that the backlog of repairs and improvements needed in council housing is £19 billion (UK DETR, 2000). The Blair government made a commitment for its first Parliamentary session from 1997-2002 of about £3.6 billion out of “set aside” capital receipts (much of it from sale of council housing) for this purpose, and funding under regeneration initiatives boosted this somewhat (Malpass and Murie, 1999, p. 277; Durden, 2001, pp. 147-8). At the beginning of 2003 the government committed about £2.8 billion over the next three years to upgrading council housing (UK Office of the Deputy Prime Minister, 2003b). Thus about a third of the need may be met through government appropriations. Dealing with the gap is bound up with contentious issues of ownership transfer and private financing, as will be discussed in later sections.

Whilst attention has understandably been focused on the condition of the remaining local authority stock, lurking just over the horizon is the question of the quality of the units being developed by housing associations. With about a million of these units having been newly built (in England) since the late 1980s, it would be expected that such housing would have very long useful lives remaining. Yet activists have been raising questions that may or may not be justified, about the quality. Not surprisingly, organised defenders of council housing have made the challenge (Defend Council Housing, 2003, p.26), but in my conversations locally I have been told by several people that housing association units typically are being designed and built with 25 year useful lives in order to keep costs down. I have not located independent professional evaluations that could confirm or disconfirm this claim, but one academic study does report that with respect to design and space standards, if not construction quality, the competitive cost regime established by the Housing Corporation in 1988, has resulted in “a continuing decline in the standards of homes built by RSLs” (Symes and Karn, 1998, p. 19).

The other very big physical issue is the need for a large amount of additional social housing. Quite apart from anticipated household growth, unmet social need has been estimated as 650,000 to 700,000 mostly in the south of England (including London). Whilst the existence of as many as 770,000 vacant dwellings might appear to offer the solution, the vacant units are not where the needs are (Durden, 2001, p. 145). Obviously there is no realistic way of overcoming this spatial mismatch by moving large numbers of people and/or houses. Taking into account household growth and continuing demolition of some existing social housing, it

is estimated that about 100,000-115,000 new social housing units would need to be built each year for the next two decades to meet the need. Yet the recent rate of construction of social housing has been less than 30,000 units a year (Durdin, p. 145). Whether and how the rate of social production can be substantially increased is bound up, yet again, with issues of ownership and financing.

### **Ownership Issues**

There are about 5.2 million social housing units in the UK. Two-thirds are local authority rental units, while one-third are with housing associations.<sup>6</sup> Issues relating to the ownership of social housing in the UK logically fall into three categories:

- The uncertain future of council housing
- The rapid rise of housing associations
- The emerging role of private for-profit developers

#### Local Councils:

Publicly owned council housing continues to face severe constriction, due to:

- further losses under right to buy
- no funding for new construction
- limited funding for renovating existing housing
- pressure for large-scale transfer to and regeneration by housing associations
- pressure to transfer management of un-transferred stock to private entities
- pressure to mortgage un-transferred stock.

Countering these forces, albeit with modest success at best, have been

- a vigorous Defend Council Housing movement, and
- formalised procedures for resident involvement in decision-making, including decisions about large-scale stock transfer.

The right to buy policy for council housing has resulted in the sale of about 120,000 units a year on average from 1981 through 1990, followed by a reduction of the rate of loss to about 60,000 units year on average since 1991 (Tables B1 and B2). The policy remains controversial, but since the Thatcher government opened the Pandora's box, especially by declaring a *right* to buy, the Blair government has been reluctant at best to make more than modest reform, most notably reducing somewhat the maximum allowed discount (Hetherington, 2003).

Where tenants have bought houses from the local council, they have acquired the freehold (i.e., the land title as well as they dwelling), and the council no longer has any relationship to the properties. Far more complex is the sale of flats and maisonettes within multi-unit buildings, where residents own their dwellings but are leaseholders of the council with respect to common elements. This creates a checkerboard of ownership, interest and responsibility. If the buyers remain in the units, maintain and improve their homes and actively hold the council accountable for common elements, the quality of the environment can be improved for all residents. If, on the other hand, the buyers move out and rent out the

units as speculative investments or sell to speculators, then there may be diminished interest as well as deterioration in quality of the housing environment. The latter situation dramatically demonstrates how social assets financed by the taxes of the many can be converted into the narrowest of financial advantage for a few and accelerate the decline of the remaining social stock (Hattersley, 2002; O'Hara, 2002; Toynbee, 2002; Weaver, 2002c). Pleas to suspend right to buy where some of the worst abuses confront some of the greatest social need, such as London's East End (Weaver, 2002a), heretofore has been met with only a modest response from the government (Weaver, 2002d).

In addition to the unit by unit loss from right to buy sales, council housing has also been depleted by transfers and sales to private entities of blocks of housing, ranging from portions of estates, to entire estates, to 100 percent of local authority housing. Until the late 1980s, such sales and transfers were mostly the result of case-by-case negotiations rather than broad public policy. By contrast, since the late 80s the central government, under both the Conservative Party and the Labour Party, has explicitly and forcefully promoted so-called "Large Scale Voluntary Transfers" of council stock to so-called "registered social landlords" (RSLs), which are housing associations registered with the Housing Corporation. The arguments and incentives for this stock transfer strategy are mostly financial, and these are examined below as part of the discussion of financial issues. What is of primary interest in this section, though, are some of the politics and consequences of the large scale stock transfer strategy.

In order to effect large-scale stock transfer, there must be a majority vote of the tenants affected. This has made for complex local politics, with national interests in the not-too-distant background. Some local authorities have been eager to devolve all of their remaining public housing, and a few have done so – with eager or reluctant tenant acquiescence. Some local authorities have been willing to devolve some of their stock, but hold onto a diminished share that they feel better able to manage. Others have been reluctant to give up any public housing, for philosophical reasons and/or pride in their record and professionalism, but have felt boxed in by Westminster (Weaver, 2003b). Some council housing tenants have aligned themselves with their local authorities in either supporting or opposing large-scale transfer. Some tenants have fiercely opposed local authority promotion of stock transfer, in some cases winning a majority and halting the transfer, in other cases losing the vote in the face of expensive and sophisticated council campaigns (Weaver, 2003a; Malpass and Mullins, 2002, pp. 678, 683; Defend Council Housing, 2003a; Defend Council Housing, 2003b, pp. 5-11). Other tenants, highly dissatisfied with the performance of their council and with a strategy for resident control (e.g., Glasgow: Orr, 2003; Weaver, 2002b), have voted for stock transfer.

During the 1990s the pace of large-scale voluntary transfers became almost as great as right to buy sales, and since 1999 has greatly exceeded right to buy sales (Tables B1 and B2; Walker, 2001, p. 687). As of March 2001, 600,000 council units had been transferred in this way. Combined with other block sales and transfers, most of which had occurred earlier, aggregate transfers other than through right to buy amounted to nearly 900,000 units as of March 2001. When compared with right to buy sales of 1.9 million, it is seen that large scale sales and transfer account for about a third of the total loss of council stock, and this share is rising (Tables B1 and B2).

Furthermore, local authorities that have not undertaken large scale voluntary transfers are being encouraged by the central government encouragement to turn over management of at least some of their council housing to private “arms length management organisations” (ALMOs), an approach that provides access to some additional financing but in some sense weakens public ownership even absent formal transfer (Carron, et al., 2003; Weaver, 2002e; Weaver, 2003a). The government is committing £2 billion to ALMOs for the next three years (UK Office of the Deputy Prime Minister, 2003b). This is a recent manifestation of the ideological attack on public management and idealisation of private management that has been waged most vigorously in the UK and US for over two decades (for discussion of this broad ideological shift as well as its particular impact on public housing in the UK, see Forrest and Murie, 1988, and Cole and Furbey, 1994).

Finally, a mechanism to raise private capital to repair un-transferred council housing estates involves mortgaging such estates. Whilst this will be discussed more below as a financing issue and a rent issue, the point to be made here is that mortgaging creates for the lenders a private property interest in social housing. Specifically, if the council defaults on the terms of repayment the lender has the right and authority to repossess the property. In this sense private financing dilutes public ownership and control of council housing, creating a type of mixed private-public ownership in which, financially at least, the private interest takes precedence over the public.

Some discussion of the relationship between these issues and resident activism and participation is taken up below as part of the discussion of social issues.

#### Housing Associations:

The principal issues regarding housing associations’ roles in social housing are

- \$ replacing councils through stock transfers and regeneration
- \$ replacing councils as central in new social production
- \$ governance and accountability
- \$ rents, tenants rights and the right to acquire

As Malpass and Murie have summarised the issues, specifically with regard to stock transfer, but with broader implications (1999, p. 89):

Large-scale voluntary transfers have implications for the ownership and control of rented housing and for rent levels and tenants’ rights. In general those who were tenants at the time of transfer experienced relatively little change but the next generation of tenants will not have the same rights and will be exposed to higher rents. Housing associations in general have seen a change in their financial basis and the higher rents which had developed in that sector are an important feature.

Also, council tenants who go through the transfer process have a “preserved right to buy” under housing association ownership, which provides an incentive not to oppose transfer. On the other hand, subsequent tenants do not have such a right, as a way of protecting the financial stability of housing associations and hence their ability to raise and pay for the private loans to acquire and renovate transferred properties (Weaver, 2002g). Housing

association tenants have instead a limited right to acquire, which ensures the association of full reimbursement for the value of units sold.

Although modern non-profit housing associations emerged in the 1960s, 70s and 80s, their roles in that period tended to be rehabilitation of older, inner-city housing and provision of housing for special needs populations, roles that bureaucratic local councils could not play well or at all (Malpass and Murie, 1999, pp 73-76). In the late 1980s, however, central government policy became explicitly aimed at expanding the housing association movement so that it would acquire “parts of the existing council housing stock... and become the main provider of new social housing...” (Malpass and Murie, 1999, p. 147).<sup>7</sup>

One result of this expanded role has been the quantitative growth in the number and percentage of units owned and managed by housing associations. As indicated at the beginning of this section, housing associations now control about a third of all social housing in England and Wales, and a somewhat smaller proportion in Scotland and Northern Ireland, most of this growth having taken place just over the past 15 years. A second result, not surprisingly, has been an explosion in the number of housing associations. There are now 2,000 in England alone (UK Housing Corporation, 2003), and nearly 200 in Scotland (Orr, 2003).

A third consequence has been a bifurcation in the distribution of housing associations by size. According to the Housing Corporation (2003), in England “[m]ost associations are small and own fewer than 250 homes. However, the largest 7 percent of associations – those with 2,500 plus homes – own 78 percent of all the sector’s homes. “Indeed, 1 percent of all housing associations own a quarter of all homes in the sector” (Walker, 2001, p. 680). The largest RSLs each have about 50,000 housing units.

There are significant governance and management issues at both ends of this distribution. Apart from housing cooperatives and some small community-based associations with democratically chosen boards, housing association boards are self-selected and self-perpetuating. Despite the encouragement of tenant participation by the Housing Corporation, there is no requirement that any board members be elected by residents or by communities in which they are located. Indeed, an informant who is a board member of a large association told me that the boards of many large associations consist primarily of senior staff of other large associations. There is thus lack of democratic accountability and substantial danger of an arrogance of professional power in the governance structure of large housing associations. For whilst some local councils may be unresponsive and high-handed in their dealings with tenants, they are institutions in which change and accountability can be struggled over through institutionalised democratic procedures.<sup>8</sup>

Furthermore, private financing and the Housing Corporation have pushed housing associations, especially larger associations, toward a corporate style of organisation and management. These pressures “have led to cultural change programmes to develop business ethos and skills, the adoption of a range of private sector management practices, customer focus strategies and asset and treasury management strategies in both new and traditional associations...” (Walker, 2001, p. 691). This approach seeks to maximise the internal efficiency of the organisation, but, like profit-driven businesses, does so largely by

externalising costs, i.e., by imposing greater costs on workers, residents and the public. Wider pay disparities reinforce growing inequality in the wider economy, weakening social solidarity and social order. Interactions with residents may shift from face-to-face encounters to the use of telephone call centres and standardised procedures (Walker, 2001, p. 683), thus increasing resident alienation from the organisation and the housing. Rent increases associated with private financing may cause higher-income residents to leave and a higher proportion to be non-working families on housing benefit, thus reducing social diversity and increasing other public costs for benefits and services.

At the other end of the spectrum, many small housing associations have difficulty recruiting people to serve on boards. Indeed they also tend to have difficulty recruiting and retaining qualified professional staff due to the relatively low pay and multiple responsibilities (Palmer, 2003). Although there are federations of housing associations in each of the countries of the UK, they have limited capacity to provide in-depth and ongoing support to small associations. They also tend to focus on policy issues, and the policy agendas of larger members, rather than organisational and operational issues facing individual and smaller associations. The Housing Corporation is a quango (quasi non-government organization) whose primary purpose is to provide financing and regulation to RSLs. There does not exist in the UK the type of independent “intermediaries” that exist in the US to provide technical assistance to local non-profit housing developers. There is thus a serious question about the viability of small housing associations in the UK.

Interestingly, there are arguments that the most appropriate size for a social landlord is about 1,000 units. “This ensures that tenant involvement is enhanced and management and maintenance performance optimal” (Walker, 2001, p. 692). At this scale, many of the weaknesses at both ends of the spectrum may be minimised.

#### Private Developers:

Given the need for large amounts of additional below-market housing, most especially in London and southeast England, there is increasing interest in US-style approaches that use carrots and sticks to get private, profit-motivated developers to produce so-called “affordable housing.”

There are two basic approaches. The first, known in the US as “inclusionary” policies, requires developers of market-rate housing – whether for ownership or rental, new construction or substantial rehab – to include as part of any development a minimum percentage of units at below-market prices. Below-market sales prices or rents on the designated “affordable” units are achieved through internal cross-subsidisation, public subsidies to the developer or residents, or purchase by a social entity. The arguments for this approach are that, in hot housing markets, it can produce significant quantities of high quality “affordable” housing while fostering socio-economic diversity and integration. The potential disadvantages are that the per unit costs are high; the below-market units may be segregated or somehow marked; and the lower-income residents may be marginalised, subject to alienating social norms and cut off from communities of support. Questions also can be raised about whether such housing really is social or rather some form of “quasi social” ownership that does not necessarily ensure long-term social tenure and affordability.

The other approach, known in the US as “linkage,” itself has two sub types. The first involves developers making cash payments into a housing trust fund, which in turn finances below-market housing development by social entities. This approach is most used as a form of impact fee on large non-residential developments, the developers of which often are not engaged in residential development. The other approach, sometimes called “parcel to parcel” linkage, requires developers of high-end market-rate housing to develop below-market housing at other sites. The arguments for linkage are that it can produce social housing at lower cost per unit and more appropriate to the needs of the prospective residents. The major argument against it is that the social housing tends to get built where there already is a lot of social housing, thereby reinforcing segregation and ghettoisation, or outlying areas of low land cost, thereby creating social isolation.

The inclusionary vs. linkage approaches are currently the subject of debate within Britain, especially in London, where housing affordability is most problematical and where large amounts of profitable high-end development continue apace. For example, Mayor Ken Livingstone of London is pushing for 50 percent “affordable homes” on all new developments in London (Weaver, 2001; Weaver, 2002). However, Livingstone’s definition of affordable homes conflates social housing for rent, key worker homes for rent and purchase and various forms of below-market homeownership that depends on purchasing a partial share of the homes at prices of about £75,000.

### **Financing Issues**

Financing for social housing in the UK appears to be as complex and indeed baroque as it is in the US, although with relatively few similarities between the systems in the two countries. In the UK, most especially in England and Wales, the most significant current issues appear to involve the ostensibly separate policy areas of

- ! rent setting and housing benefits
- ! private capital financing

My reading of these issues suggests that they are in fact closely interwoven, raising rarely-examined *economic* questions about private financing, not just politically-dominant ideological questions.

The Housing Act of 1988 not only effectively ended capital funding for new council housing, it also changed the subsidy system for existing public housing, forcing many authorities to raise rents sharply. Rents in new housing association units have generally been higher than in the council sector, and in 2000 the present government put forth proposals that would have the effect of further raising rents for both sectors of social housing. For low-income households, especially those not in the paid labour force, rent increases were covered by increased housing benefits. Housing benefits have thus proven to be very costly, as well as inflationary (Durden, 2001, pp. 141, 148). Parenthetically, higher rents also impelled more higher-income tenants not on housing benefit to take up right to buy.

Unlike the US, where tenant-based subsidies and owner-based subsidies are part of the government's housing budget, in the UK tenant-based subsidies (housing benefits) are part of the public assistance budget in a different branch of government (Malpass and Murie, 1999, pp. 165-166; Gibb, 2002, p. 332). This means that the reduction or restriction of the housing budget by the UK central government does not take into account any offsetting increases in housing benefit expenditures that may result from decisions about the housing budget. Furthermore, since housing benefit is an entitlement for eligible tenants (in private as well as social housing), government appropriations for housing benefits cannot be pre-established, but instead will be determined by rent levels and the rate of take-up by eligible households. Strikingly, however, the arguments for large-scale stock transfer and private financing of social housing appear not to include in the accounting the potential public costs of housing benefit increases.

Successive UK governments have argued since the 1980s that fiscal policy necessitates severe restriction of public borrowing, including borrowing for social housing regeneration and new construction (Durden, 2001, p. 147). RSLs, however, as private entities, can borrow in the private capital markets, using the real estate as mortgage security for the debt. Transfer of social housing from local authorities to RSLs thereby ostensibly provides a practical way of achieving the upgrading or reconstruction of older social housing without public borrowing (Gibb, 2002, p. 333). Similarly, access to private financing appears to make RSLs the logical vehicle for producing new social housing. Thus, the argument goes, relatively small amounts of public spending can be leveraged to generate large amounts of private capital for social housing improvement and expansion (Malpass and Murie, 1999, pp. 167-168). Also, the appeal of this approach is so great that the government is permitting some councils, where stock transfer has been rejected by tenants, to mortgage some council housing estates to raise private capital for regeneration (UK Office of the Deputy Prime Minister, 2003a; Defend Council Housing, 2003a, pp. 49-52).

The political logic of private financing for social housing has, in my opinion, trumped economic rationality. For the central government as well as some local councils there are obvious short-term benefits in being able to contain public spending for housing while simultaneously undertaking considerable and visible upgrading of older social housing and production of new social housing. This is not just crass political calculus: the housing needs are genuine and pressing. However, to coin a phrase, "there's no free lunch." The costs of this approach are very high, demonstrably higher than other approaches, but under this model the bulk of these costs are deferred to the future – onto residents, taxpayers and future governments. Private financing is creating very heavy private debt commitments (Malpass and Mullins, 2002, p. 683), with a number of problematical consequences and implications.

First of all, debt must be repaid; unlike public debt, private debt cannot be endlessly deferred through refinancing; and interest on the debt must be repaid even if debt principal can be refinanced. In mortgaged rental housing, such debt service payments must be made from rental income, and indeed make the first claim on rental income. The greater the amount borrowed and the higher the rate of interest, the higher the debt service charges and hence the higher the rent. For tenants receiving housing benefit, these costs are not borne directly but instead, as indicated above, manifest themselves as higher public expenditures year after year. For tenants receiving no benefits or partial benefits, at least some of the costs are borne

personally. For such tenants, higher rents enter into their calculus as to whether to stay in social housing. Some may thus take up right to buy, where the circumstances of themselves and their housing make that possible, though not necessarily with lower housing costs as a result. Others are propelled into the conventional ownership market without realistically being able to afford it, with considerable risk of mortgage default and repossession, with attendant social and emotional costs (Ford, et al., 2001; Durden, 2001, p. 141)

Second, private borrowing costs more than public borrowing: interest rates are higher because the risks are considered greater for private loans. Loans for new build are risky because the development may not be completed, so high interest charges on private construction loans translate into total development costs. Mortgage loans on existing housing are not quite as risky, but still depend upon the borrowers' perceived on-going ability to pay and the anticipated future values of the properties as ultimate security for the loans. By contrast, public borrowing is secured by the tax-raising capacity of the government, not by the rents and market value of the social housing that it finances. When governments borrow for, say, deficits in operating budgets, then public borrowing may have the effect of increasing credit competition and driving up interest rates. However, when the amount to be borrowed and its uses are exactly the same, as in the case of social housing, public borrowing does not represent any greater demand on the capital markets, but does raise funds at a lower cost. The promotion of private financing for social housing by successive UK governments since the 1980s thus seems to me to be essentially a political decision that raises the cost of social housing. Indeed, internal analyses by the Blair administration itself suggest that the cost to the taxpayers of transferring an additional one million council houses to housing associations to enable private financing for upgrading will cost £1.3 billion more than if renovations were financed with public resources (Hencke, 2003).<sup>9</sup>

Third, whilst the debate in the UK at the present time is largely about private versus public borrowing, the UK does have a history of fairly extensive use of capital grants for social housing (Gibb, 2002, p. 331). As mentioned earlier, since the mid 1970s housing associations (but not local authorities) have been received public grants – known Housing Association Grants (HAG) until 1996 and Social Housing Grants (SHG) since – to cover a portion of the capital costs of their housing activities. Until the late 1980s the grants typically reimbursed 80 percent (Malpass and Murie, 1999, p. 178), and often up to 100 percent (Palmer, 2003), of development costs. Since 1989, however, there has been significant change in the level and terms of capital grant support to housing associations to reduce public costs and impose the discipline of borrowing risk onto associations. By 1998/99 the maximum grant rate had been reduced to 54 percent and the rate most housing associations actually receive is much lower (Malpass and Murie, 1999, p. 180), thus impelling high levels of private borrowing.<sup>10</sup> Given the short policy horizon of most elected government officials, the long-term economic advantages of public capital grants may not be compelling. In the final part of this paper, a model is offered that could to some extent reconcile this tension.

Finally, private financing has social consequences. Debt repayment is unavoidably the highest priority for mortgaged housing providers. Maintenance of the housing as a physical asset providing security for the loans certainly may provide benefits for residents, but may also involve constraints on resident autonomy and participation (Gibb, 2002, p. 331).

## Social Issues

There are also an array of current social issues, which to some extent have arisen or been exacerbated in conjunction with issues of ownership and financing as already suggested. Social issues are also driven, though, by deeper economic changes, demographic shifts, social tensions and political interests. It is not realistic or appropriate to try to analyze these forces here. All that is possible is to identify some of the ways in which they may be manifesting themselves in social housing in relation to housing policy. Some of the key issues seem to be

- tenants' rights in social housing
- affordability
- demographic change and social exclusion
- anti-social behaviour

The Housing Act of 1980 codified tenants' rights in council housing, without substantially enhancing those rights or reducing government powers to evict tenants and to privatise council housing. Moderate reforms since that time have given council tenants somewhat greater rights. What evolved, though, were differences in tenants' rights between council tenancies and housing association tenancies, with the latter being rather weaker (Malpass and Murie, 1999, pp. 100-102). Since 1998 the Chartered Institute for Housing and others have been arguing for a single tenancy for social housing. In Scotland this has been implemented, but in England and Wales is still in the proposal stage (Chartered Institute for Housing, 2003). The basic principle is that social tenants should have security of tenure, i.e., not be subject to eviction except for just cause and through due process (UK Law Commission, 2002, pp. 5-6). How to codify and equitably implement this principle is the issue.

Affordability has always been an underlying issue in social housing, in large measure because of the government's failure to formulate a precise and sound standard of affordability, as discussed above, and incorporate such a standard into policy-making. Rent setting in social housing has involved a persistent and unresolved tension among affordability for tenants, adequate income for social landlords, and government policies around housing subsidies to social owners and housing benefit for tenants. As has been indicated, these tensions have become more severe in recent years. Tenants not receiving housing benefit have experienced worsening affordability, whilst those receiving benefit have been fully shielded but thereby had disincentives both to seek employment and economise on housing.

Demographic change in the UK has converged with housing policies over several decades to produce many social housing estates with high proportions of people with very low incomes and low rates of participation in the paid labour force (Taylor, 1998). Furthermore, after a long period of discriminatory denial of access to social housing for members of BME groups, by the early 1980s some BME populations had become statistically over-represented in social housing. However, the evidence is unambiguous that even though social "homes are supposedly allocated according to 'need' rather than ability to pay, black people have received the least desirable tenancies and are clustered in the more run-down and difficult-to-let parts of the council rented stock" (Smith, 1989, p. 93).

For quite some time, most policies to deal with these issues seem to have defined the problem as pathology not exclusion. As Marilyn Taylor has put it (1998): “Policies based on community and individual pathology only reinforce the cycle of exclusion by focussing on the failure of the estate and those who live in it. Policies to extend the market demonstrate to residents how little choice they have in a society where choice is a defining feature of citizenship....”

However, over the past decade a series of policies, that became consolidated into the Single Regeneration Budget (SRB), have begun to define the problems more in terms of exclusion rather than pathology and promoted multi-dimensional physical and social strategies to deal with difficult housing estates (Marsh and Mullins, 1998). So far accomplishments have been modest. Idealisation of “community” and “social capital” in the absence of significant resources and reluctance to the external forces of exclusion can leave people administering their own dependency. As Marilyn Taylor has concluded (1998):

Nobody could argue against the need for jobs, for improved landlord-tenant relations, for partnership and for developing stronger and more positive ties within and beyond the community. But the story so far is of small-scale success against difficult odds – swimming against the tide of fragmented communities, fragmented services, lack of understanding between partners, contrary economic forces and public expenditure constraint. Yet the Joseph Rowntree Foundation research still finds evidence of significant progress in some areas. Even where the statistics of exclusion were getting worse, where there had been sustained input over the long-term, residents had achieved significant improvements....

There has also been research on ways in which tenant control and ownership in particular have been effective in preventing and overcoming social exclusion (Clapham, O’Neill and Bliss, c. 2002).

One final area of concern involves the perceived overlap between social housing and social disorder. Anti-social behaviour is of course a widespread social concern, and not only in the UK and US. To the extent that some of this behaviour is spatially concentrated in certain social housing estates, one issue is the role of social housing providers and housing policy in attempting to address the problem. As such, the strategies being undertaken bridge the previous discussion of “difficult to let” housing and the following section on activism and participation. The current philosophy views law enforcement and eviction of offenders as necessary but subordinate, placing primary emphasis on housing agencies and policies for transforming social norms, empowering residents to control their own communities, and redesigning physical features of estates (See, e.g., Flint, 2002, and the sources cited therein). In practice, however, the balance between use of authoritarian measures by housing agencies and strategies of community development and empowerment are not necessarily fully consonant with the philosophy. Finally, as with the preceding discussion, there are issues about whether individual housing estates are the appropriate scale for effective intervention. As John Flint has put it (2002, p. 635): “Without identifying the required scale of intervention, attempts to create a wider social responsibility role for social landlords are likely to contain, rather than address the causes of, anti-social behaviour.”

## **Resident Activism and Participation**

Since the 19<sup>th</sup> century, housing has been second only to workplace activism as an arena of activism in both the US and UK. In the US such activism has always been predominantly around privately-owned rental housing, not surprisingly given the relatively small proportion of social housing in the US (Stone, 1993).<sup>11</sup> In the UK 19<sup>th</sup> and early 20<sup>th</sup> century activism was also largely around private rental housing; with the emergence of both social housing and home ownership in the UK, activism around private renting certainly did not end, but since the 1940s social housing organising has predominated (West Yorkshire, 2003).

Housing activism is by no means the same thing as participation, although the two do overlap. Activism comes from below, out of dissatisfaction by residents and their allies with some of the material and/or social conditions in a residential setting. It is explicitly about power, wielding power to bring about change, whether minor or major. Participation may be a goal of activism, but not necessarily. The goal may be to get institutions to be more responsive, to fulfill their legal or moral obligations (e.g., enforce the law, fix the buildings). It may be to eliminate or remove institutions (e.g., put the slumlord out of business). It may be to transfer authority and responsibility to other institutions (e.g., state takeover of private housing, resident or community ownership of private or public housing). It may be to opt out as much as possible from existing institutions (e.g., self-build). In such situations, negotiation may be one tool for reaching the goal, but participation per se is not the goal.

Housing participation, by contrast, comes from above. It is offered or granted, perhaps but not necessarily in response to activism, by existing institutions that have authority and responsibility for some aspects of housing policy and operations. Participation can take many forms, as Sherry Arnstein's (1969) classic "ladder of citizen participation" so trenchantly illuminated, ranging from manipulation to citizen power, with many rungs in between. Participation may be a cynical ploy for governments to abdicate their public responsibilities and leave difficult places and populations to manage their misery. It may be a way of buying social peace, containing organised or disorganised disruption. Or it may be a vehicle for institutional learning, taking resident experience and insights into account to some degree, rather than just acting on the basis of professional expertise, bureaucratic formalism and higher governmental authority. And it may, in some instances, be aimed at helping to achieve, and not just rhetorically, some degree of enhanced community democracy or resident power (which are not always the same thing). Regardless, though, of which combination of these purposes really is at work, participation is incorporative, even if it is a response to activism and even if it unwittingly fosters activism (See, e.g., Piven and Cloward, 1967, and the debate among Piven, et al., 1970). How one views this undeniable reality depends not only where one sits, but on the nature and extent of participation and, in the final analysis, what difference it makes for the quality of the housing environment, physically and otherwise, and for who gets to live there.

In the US community and resident participation was part of the official rhetoric and local structures of the poverty programs of the 1960s. In 1969 public housing residents who had been involved in civil right struggles and the poverty program organized the National Tenants Organization, which was an organization primarily of public housing residents focused on

regulatory reforms, including formal tenant participation requirements. It managed to achieve these, after which it could not sustain itself (Marcuse, 1971).

In the UK, decades of organising and activism around council housing did not lead to – nor were they necessarily aimed at – formal participation requirements until the estate regeneration schemes that were launched in the late 1980s and early 1990s (Anastacio, et al., 2000, pp. 2-3). More universal requirements for Tenant Participation Compacts were instituted in 2000, requiring councils to consult with tenant organisations (UK Office of the Deputy Prime Minister, 2000a). Yet they have emerged within the context of privatisation. Thus some activists view the Compact requirements as a vehicle with potential for enhancing tenant power, if accompanied by effective organising, yet worry about the countervailing dimensions of other policies (Whitely, 2000). Similarly, a handbook has been issued laying out the government's expectations for resident participation in housing associations (UK Housing Corporation, 2000).

Examination of the participation requirements for both segments of social housing in the UK reveal them to be quite low on Sherry Arnstein's ladder. Absent substantial organising and mobilisation of tenants, the results will likely be informational meetings, resident surveys, focus groups, sustained engagement by some persistent elected or self-appointed spokespeople and marginal adjustments to policies and practices. With active organising certainly there will be greater potential for tenants to influence the practices of local councils and housing associations, but the existing guidelines will nonetheless limit the scope. Only if tenant mobilisations are sufficiently strong to crack open the existing frameworks of participation and force genuine negotiation will there be the possibility of participation actually having influence over substantive policies.

Defend Council Housing aspires to have such influence, but working from outside the formal structures of participation. It emerged as a national organisation in 1998. It has sought to bring together tenants, trade unionists and progressive activists to oppose privatisation of council housing. It has attacked not only budget cuts and stock transfers to housing associations, but also ALMOs (arms length management organisations) and private financing. Undoubtedly it deserves some credit or blame (depending upon one's perspective) for vigorous local campaigns against stock transfer, many of them successful (Defend Council Housing 2002, 2003a, 2003b). However, according to a few of my informants, its internal dynamics and tactics have had the effect of alienating some progressives who are otherwise sympathetic to the analysis and supportive of the aims of Defend Council Housing. Also, reflecting the distinction between activism and participation, Defend Council Housing and the resident participation movement seem to have little connection and limited dialogue between them (although perhaps this is not so in all local areas). For, example, the websites of Defend Council Housing (2003a) makes no mention of the participation movement, whilst the participation website (West Yorkshire, 2003) mentions a coalition between Tenants and Residents Organisation of England (TAROE) and Defend Council Housing in 1999 to campaign against stock transfers and central government "claw-back" of housing subsidies, but this coalition seems to have been more nominal than real at the national level. Indeed, a web search for TAROE finds it widely mentioned in government documents as the recognised vehicle for resident participation.

There is a significant area of housing activism that seems to reveal a tension -- indeed perhaps a contradiction -- between current UK housing policy and the government's commitment to social inclusion. A self-defined "black housing movement" emerged in the UK as an affirmative response to the urban disturbances of the early 1980s. The movement arose in response to housing discrimination and disproportionate homelessness and overcrowding experienced by BME households. It also emerged from a desire to formulate challenges to prevailing housing institutions through creation of more appropriate housing designs, culturally sensitive services, training and employment in housing construction and management and support for anti-racist organising (Symes and Karn, 1988, pp. 17-21; Harrison and Reeve, 2002, pp. 759).

One of the most sustained and effective elements of this movement has consisted of "housing organisations run by minority ethnic people themselves.... Despite remaining fairly small organisations, the associations have had a significant impact, contributing to the processes of empowerment...." (Harrison and Reeve, 2002, pp. 759-760). BME housing associations emerged in what could be considered the middle period of modern housing associations in the 1980s, when housing associations were responding to housing needs that local councils would not or could not address adequately and when public policy was at least somewhat supportive of this role. Specifically, in 1986 the Housing Corporation introduced a "Strategy for Black and Ethnic Minority Housing Associations," which acknowledged the inadequate housing responses to minority needs by local councils and mainstream predominantly white housing associations, and created specially targeted funding opportunities.

However, just two years later with the 1988 Housing Act, UK policy for housing associations began the shift toward tighter public funding, market-oriented production and rent-setting, and housing associations as replacements for local councils rather than complements -- with the associated emphasis on scale and corporate management. "All these changes have penalised smaller, newer RSLs and particularly BME RSLs, most of which were still both new and small at the time of the 1988 Act.... Most of the BME RSLs had barely started before the new financing regime came into force, effectively undermining the Housing Corporation's Black and Minority Housing Association strategy right from the start..." (Symes and Karn, 1998, p. 16). A review by the Housing Corporation in 1993 concluded that, under the policies imposed by the 1988 Act, only a few BME housing associations would achieve financial independence. Some BME housing associations managed to survive only through mergers (Symes and Karn, 1998, p. 17).

With the election of the Blair government in 1997, the Housing Corporation returned to recognition of the role of BME housing associations, but without any special financial support (Harrison and Reeve, 2002, p. 761). Thus, construction cost constraints have forced BME associations toward less culturally-responsive housing designs that are more "likely to include small bathrooms, narrow corridors, long thin bedrooms, small living rooms and kitchens where it is not possible to eat. Such plan types rarely meet the needs of large or extended families or those with religious constraints on the use of their homes..." (Symes and Karn, 1998, 20). Volume-bidding on construction has tended to result in dependence on large contractors, with resulting loss of opportunities for training and employment in construction, work for minority contractors and associated community social and economic development (Symes and Karn, 1998, pp.20-21). Rent policies have forced down rents in

poorer areas, especially in the midlands and north of England, forcing BME housing associations in those regions to lay off staff and cut back on new development. In high-cost areas of London and the southeast, rents have been forced up, deterring higher-income people not on benefits from moving in or staying in.

Recent, as yet unpublished research by Azra Khan and her colleagues at the Goldsmiths College Centre for Urban and Community Research, suggests that the situation has not changed significantly since 1997. Three large BME housing associations have been created through mergers and adaptation to the current policy environment, but with questions about how much they have had to compromise their distinctive mission. Smaller associations not only confront challenges to their mission but to their survival. They have been experiencing very high turnover of staff and difficulty recruiting staff. This instability and lack of continuity has made it difficult to get residents and citizens involved in governance and in the social and cultural purposes of the associations (Khan, 2003). Survival seems to mean at best partnering with large associations, oftentimes white-run, making it difficult to maintain their distinctive role (Hawkey, 2001, p. 27). One BME chief executive expressed his frustration in the following terms: “We’re not ailing, we’re fledgling, and now they’re dumping on us. We’ve done more for racial harmony than anyone else. We’re beacons of excellence and they’re destroying us” (quoted in Hawkey, 2001, p. 27).

In sum, the black housing movement, which emerged through activism, has to a considerable extent become enmeshed in the web of participation. As Harrison and Reeve well note (2002, pp. 763-764): “As black minority ethnic groups participated in the policy arena... the mobilisations, resources and targets were affected by possibilities of incorporation into official programmes, by ongoing needs to co-operate and interact with white-run organisations, and by pressures towards managerialism and quasi-commercial practices,” with “some potential divergence [from]... advocacy and continuing community interactions...(p. 763).

A final area of resident and community activism – and a very different model of participation – is the movement of and for housing cooperatives and tenant-controlled housing. Whilst the co-operative movement has deep historical roots in Britain, housing coops have been relatively more recent and not central to the broader co-operative movement. Rather, many of the current housing cooperatives emerged in the 1970s out of local struggles against private landlords, often by people ineligible for council housing, such as singles. Typically the first stage involved taking over existing housing, although some coops expanded into new build. During the 1970s and 80s co-ops were popular with the Housing Corporation, as were small housing associations. However, no new fully-mutual resident ownership coops have been registered with the Housing Corporation for more than 10 years. Less than one percent of all housing in Britain is managed by co-ops, including both mutual ownership coops and tenant management coops (Palmer, 2003).

Nonetheless in 1993 the UK Confederation of Co-operative Housing (CCH) was formed, as a membership policy advocacy organisation of housing coops, other tenant-controlled housing organisations and regional federation of housing coops (Confederation of Co-operative Housing, 2003a). CCH has become a player in the national policy arena, especially by offering a participatory, resident-controlled alternative to conventional council housing stock

transfer (CCH, 2001, 2003b).

## **Conclusion**

Despite the ostensible “residualisation” of social housing in the UK, social housing remains a significant facet of civil society and social policy, far more so than has ever been the case in the US. The legacy of early commitment to social housing and fundamental changes in housing policy over the past two decades – together with widening inequality and demographic change – have converged to generate a host of issues around the future of social housing. How some of these processes have played out in one locale, the London borough of Lewisham, is the subject of the next section of this paper.

# **Social Housing in the London Borough of Lewisham**

## **Why Study the London Borough of Lewisham?**

There are a number of reasons why Lewisham is a good site for studying the debates and struggles around social housing, especially in London, but also to some extent in the UK:

- It has a geographical location providing a good focus for some of the London debates: Thames Gateway, border of inner and outer London, experiencing inner-city gentrification, not the outer gateway brownfield sites
- It is racially diverse and has a large and diverse immigrant population
- It has a large amount of social housing, both council and housing association owned
- It has experienced council housing losses through “right to buy” that are large in absolute terms, but proportionally in the mid range nationally
- It has many urban regeneration or renewal projects, plus other nationally-created regeneration schemes
- It has had one vote on council stock transfer in selected parts of the borough, with mixed results but majority opposed, and no wholesale stock transfer
- It has contracted for private management of council housing in parts of the borough, with the council itself continuing to manage in other areas
- It has some very large housing associations involved in council estate regeneration and independent new build, as well as many small community-based housing associations
- It has substantial tenant and community activism, but not party-politicised, unlike some other boroughs.

## **Location and Demographic Character of Lewisham**

“Greater London” consists of 33 distinct geographical and administrative units: 32 “boroughs,” each administered by an elected Council, and the City of London, administered by the unelected, self-perpetuating Corporation of the City of London. Lewisham is one of the larger London boroughs both in area and population, containing 13.4 square miles (3,473 hectares) and nearly 250,000 residents.

**FIGURE B1. MAP OF LONDON BOROUGHS**



Source: London 21 Sustainability Network: [www.london21.org/maps/mainmap.htm](http://www.london21.org/maps/mainmap.htm)

Lewisham is located in the southeast quadrant of London; its geographical centre is 6 miles southeast of Big Ben. It is shaped roughly like a slice of pie, with a north/south axis. The narrow northern end is on the south bank of the Thames, across from the Isle of Dogs and within sight of Canary Wharf. Lewisham is bordered on the northwest and west by the borough of Southwark, on the east by the borough of Greenwich, on the southeast by the borough of Bromley, and on the southwest by the borough of Croyden. Lewisham is among the 12 boroughs and the City of London designated as “Inner London,” as are the adjoining boroughs of Southwark and Greenwich; the adjoining boroughs of Bromley and Croyden are part of “Outer London” (Wikipedia, 2003). Lewisham is very dense and urban in the north, but has areas in the south that are quite suburban (by European standards, if not North American). Topographically, the extreme northern part of the borough is flat, consisting of filled-in marsh of the Thames flood plain; but most of the borough is sharply undulating, with some of the highest hills in London.<sup>12</sup>

The current boundaries of the London Borough of Lewisham were established through a series of steps beginning in 1965, when the replacement of the London County Council by the Greater London Council was accompanied by the consolidation and reconfiguration of municipal boroughs (Wikipedia, 2003). Prior to that point Deptford, an historically-rich area on and near the Thames, had been a separate borough. With consolidation, Lewisham absorbed most of Deptford, including about 2/3 of a mile of Thames riverfront. However, the northeastern corner of Deptford, including about ½ mile of riverfront, was absorbed by Greenwich. Goldsmiths College then acquired the old Deptford Town Hall, a late Victorian architectural gem capped by a weathervane in the form of a sailing ship – representing Deptford’s maritime history of shipbuilding, seafaring and slave trading (Anim-Addo, and Steele). In 1994 the boundary between the Lewisham and Greenwich parts of Deptford was shifted to the east (but not as far as the Deptford Creek “natural boundary”).

Lewisham consists of a number of identifiable, named geographical areas.<sup>13</sup> Also, until recently, Lewisham borough was organised into 26 named wards. Early in 2003, the wards were reconfigured – and in some cases renamed – in response to population changes revealed by the 2001 Census.<sup>14</sup> For the most part, this paper will refer to areas of Lewisham in terms of popularly-known areas or neighbourhoods; but especially when discussing social housing, officially-designated Housing Areas may be referred to<sup>15</sup>.

## **Population and Households**

The total population of Lewisham borough in 2001 was about 249,000, an increase of 18,000 people or 7.2% since 1991. By way of comparison, the population of Inner London increased by 6.0%, that of London as a whole (“Greater London”) by 4.8%, and England and Wales by 2.5% from 1991 to 2001.

There were 107,400 households in the borough in 2001, an increase of 7,800, or 7.3%, since 1991.

## **Social Characteristics:**

As an urban area, Lewisham has percentages of never-married single people (46.0% of people 16 years of age and over), one-person households (34.8%), and cohabiting couple households (10.0%) that are higher than the averages for England and Wales as a whole; and a much lower percentage of married or re-married people (35.9% of those 16 and over), but fairly typical of Inner London as whole. However, the percentage of lone parent households (14.6%) is considerably higher than for Inner London as a whole (11.9%), Greater London (11.1%), and England and Wales (9.6%).

About two-thirds (65.9%, about 164,000 people) of the Lewisham population are white, almost exactly that of Inner London as a whole (65.7%), somewhat lower than for London as whole (71.2%), but much lower than for all of England and Wales (91.3%). In 1991 the white population of Lewisham was 188,000, over three-quarters (78%) of the population of the borough.

The largest minority ethnic groups in the borough are Black Caribbean (12.3%), Black African (9.1%) and Other Black (2.1%) – for a total Black fraction of 23.5%, about 58,300 people. In 1991 the Black population was about 35,000 people, about 14% of the borough. No data are available at this point on other ethnic groups in the borough, although by simple arithmetic it can be determined that they were about 26,600 in number, 10.7% of the population in 2001, compared with about 8% in 1991. In comparison, for Inner London as a whole the largest minority ethnic groups are Black African (8.3%), Black Caribbean (6.9%) and Bangladeshi (4.6%). For Greater London the largest are Indian (6.1%), Black African (5.3%) and Black Caribbean (4.8%).

## **Economic Characteristics**

The fraction of Lewisham adults aged 16-74 who were employed at the time of the Census in 2001 (59.9%) was somewhat higher than for Inner London as a whole (57.4%), and only marginally below that of Greater London (60.2%) and England and Wales (60.6%). However, the percentages classified as “unemployed” (5.6%) and “long-term unemployed” (1.9%) were much higher than for Greater London (4.4%, 1.4%) and England and Wales (3.4%, 1.0%), but essentially identical to the figures for Inner London as a whole.

The Census does not obtain income data, so no comparisons are possible on this indicator. However, the higher percentages of unemployment, lone parent families and other non-Census indicators suggest a higher degree of economic inequality in Lewisham than for England and Wales as a whole, and perhaps greater than for Greater London, but fairly typical for Inner London.

While not current, a 1998 study provides some insights into poverty and income inequality in the borough:

London Research Centre data ... [on] the percentage of households in the lowest and highest income groups in Lewisham shows interesting results as compared to the other boroughs. 22% of Lewisham's households are in the lowest income group. This

compares to an average 18% for Greater London. Lewisham has fewer households in the lowest income groups than its neighbouring boroughs of Lambeth (26%) and Southwark (31%). The percentage of households in the highest income group is 17% in Lewisham, and 20% in Greater London. Lewisham has the same number of households in the highest income groups as Lambeth (17%), but more than Southwark (12%). Again, the patterns of concentrations of poverty emerge as important but not as starkly in comparison to other London boroughs, with Lewisham ranking 10<sup>th</sup> most deprived in London in terms of the proportion of Lowest Income households and 12<sup>th</sup> most deprived in terms of the proportion of Highest Income households (Khan, 1998, p. 16).

The same source also provides some indication of shelter poverty in Lewisham through the mid-1990s:

All areas show a rise in the number of housing benefit recipients from 1993 to 1996, and then a decrease from 1996 to 1997. However, Lewisham portrays a phenomenal 15% rise in that number from 1993 to 1994; and then another significant 9% decrease from 1994 to 1995, increasing and decreasing again dramatically to an overall increase in 9% from 1993 to 1997. Notwithstanding the variation in Lewisham statistics, the relative position of the borough is clear, with an increase in benefit claimant numbers since 1993 in both absolute and relative terms, suggesting a further concentration of low income households in the borough relative to both inner and outer London, as well as in relation to national trends (Khan, 1998 pp. 13-14).

Highest rates of economic hardship within the borough are found in the far northern part of the borough and the far southern part of the borough, both of which have very high concentrations of social housing (CUCR, 2000a, p. 5).

## **Current Housing Characteristics of Lewisham Borough**

### **General Housing Characteristics**

According to Lewisham council's website (Lewisham, 2002d): "In April 2001, there were 114,705 homes in Lewisham." Of this total stock, 54,706 (47.7%) were for owner-occupation, 20,072 (17.5%) were for private rental, 8,549 (7.5%) rented by registered social landlords (housing associations), and 31,378 (27.4%) rented by the Council.<sup>16</sup>

As of early 2003 the average rent of private sector units in Lewisham was £187 a week, compared with a national average of £128. Average rents for housing association units were £64 and for council units £59 a week (Lewisham, 2003d).

Of the 107,412 households in the borough, 50.1% (53,831) were owner-occupiers<sup>17</sup> (the difference with the figures on the council's website presumably being vacant units). This percentage is considerably higher than for Inner London as a whole (39.7%), but rather lower than for Greater London (56.5%) and much lower than England and Wales as a whole (68.9%). The fraction without central heating (9.7%) is somewhat higher than for all of Inner London (8.8%), considerably higher than for Greater London (7.8%), and somewhat greater

than for England and Wales (8.5%). The percentage of occupied units considered overcrowded in Lewisham (17.6%) is very high, especially in comparison with all of England and Wales (7.0%), but comparable to Greater London (17.3%) and considerably lower than for Inner London as a whole (24.6%).

The Private Sector Stock Condition Survey 2000/01 revealed that 21.5% of private dwellings in the borough are unfit or in disrepair. The 2001 Stock Condition Survey of the housing owned by the council showed that 66% does not meet the decent homes standard (Lewisham, 2003a).

## **Social Housing**

In April of 1980, the number of housing units owned by the Council was 47,200, of which nearly all were rental units at the time (i.e., none had yet been sold under “right to buy”). By contrast, as of 2002, the Council’s stock was about 36,600 units, of which about 31,400 were rental units (Lewisham, 2002d), the rest being leasehold units that had been sold under the “right to buy.” That is, over the course of two decades, the rented Council stock declined by a third – by more than 15,800 units. Of these, about 10,600 were lost entirely to council control, mostly through freehold sale of houses to residents; but some were lost through sale to housing associations and private developers and some through demolitions. The other 5,240 lost units were leasehold sales, in which the Council retains the freehold title to the land and common spaces. In 1980 the council owned nearly half the housing in the borough; by 2002 it owned a little over a quarter of the stock. “The Council stock has experienced an annual 3% reduction over the past few years mainly due to Right to Buy sales and regeneration schemes and the trend is expected to continue” (Lewisham, 2003d).<sup>18</sup>

According to the Housing Corporation (2003), there are 66 registered social landlords operating in Lewisham as of 31 March 2003, with a total of 8,600 units, slightly more than the April 2001 figure on the borough council website. Six of these RSLs are far larger than the others, together accounting for 6,645 units, 77 % of the total.<sup>19</sup> None of the other RSLs has over 200 units, and most have fewer than 100 units.

Some are small housing associations and resident cooperatives not registered with the Housing Corporation and thus are not included in the above figures. An independent registry of housing cooperatives, which is itself incomplete, lists eight cooperatives in Lewisham, of which just three are RSLs, and two of these three are listed as having more units than indicated on the Housing Corporation’s list (Eiloart). The implication is that more than 400 additional units are part of the housing association stock in Lewisham, bringing that total to over 9,000 units, and the total amount of social housing including council rentals to about 40,000 units.

The very substantial growth of housing association units in the borough has occurred almost entirely during the past 20 years – indeed mostly in the past 10 years. However, this growth has offset only a little over half of the Council’s rental loss. The net loss of social housing together with the development of over 15,000 units of non-social housing means that social

housing now accounts for about a third of the total stock of housing in Lewisham, compared with about half the stock in 1980.

## **The History of Social Housing in Lewisham**

### **Pre-1930s**

Shortly after the London County Council undertook its first social housing in 1896 at Bethnal Green in the East End, it brought its program of slum clearance and redevelopment across the river to Deptford. Two housing schemes were undertaken, one near the river and the other about a mile south, both of which still stand. Each has been described by a modern local historian, revealing strikingly how history is essentially interpretive. First, Jess Steele on the housing off Macmillan Street not far from the river, built just after 1900, consisting of 120 tenements and 134 cottages that later became incorporated into the Hughes Field Estate (Deptford, 1939-40, p. 38):

They were well built, although the small windows gave them a heavy appearance. The whole area, which had contained some of the worst slums, is a surviving example of the potential for good quality clearance. The LCC blocks retain a municipal elegance which puts 1960s planners to shame (Steele, 1993, p. 78).

Whilst John Coulter has characterised the development on what is now Brookmill Road near the DLR as follows (2001, p. 17; see also Deptford, 1939-40, pp. 38-39):

No town is likely to be proud of a barrack-like common lodging house, but at least the people of Deptford could feel that Carrington House had improved conditions in Mill Lane. It was built by the London County Council in 1903 on the site of a row of foetid private dross-houses that such respectable men as census takers trembled to enter.... All are still standing, but Carrington House has ... been converted into flats called Mereton Mansions... [in 1994-95 by Hyde Housing, a large housing association (Steele, 2003)].

Meanwhile, it appears that conditions farther south in the then-separate borough of Lewisham did not warrant LCC's intervention, as the historical record reveals no evidence of any pre-World War I social housing having been built there.

Following the Great War, the housing pressures and governmental responses that were experienced throughout Britain, and especially in London, fully manifested themselves in Deptford and Lewisham. Philosophically and physically there were two principal strategies: slum clearance and redevelopment, primarily with multi-storey blocks of flats, in the urban, inner-city areas; cottage estates of terraced and semi-detached houses on outlying "greenfield" sites.

Immediately after the War, "the Deptford Council lost no time in availing themselves of the facilities which the Act [The Housing and Town Planning Act of 1919] afforded them. The only vacant site of any size in the borough which could by any possibility be utilized for a

housing scheme was the Hogarth Estate, situated in Revelon Road and Arica Road, Brockley, about seventeen acres in extent. The number of dwellings erected is 246, an average of 13.7 houses to the acre.” (Deptford, 1933-34, p. 42).

Similarly, the Lewisham Borough Council felt great pressure to help honour the government’s war-time pledge to working-class soldiers and sailors of post-war “homes fit for heroes.” The Council thus “readily agreed to build Lewisham’s first council estate, on nine acres of allotments [garden plots] to the east of the [Lewisham] High Street.... The scheme went ahead in 1920, and by 1921 the first of the eighty-six cottages in Romborough Way and its offshoots were ready. The tenants were almost all local, the majority from Catford,” a middle-class village in the centre of the borough (Coulter, 1994, p. 93). The one other major housing developed by Lewisham council itself, for its own residents, prior to the 1930s was the Grove Park cottage-style estate of 472 houses and 32 flats, in the far southeastern corner of the borough, south of Grove Park itself, begun in 1926 and completed in 1929 ( Lewisham, c. 1937, p. 68; Steele, 1993, p. 173).

Right after the war, well before the Lewisham council began the Grove Park estate, the LCC itself undertook development of a large cottage estate on the southern edge of the borough in Bellingham. According to John Coulter (1994, p. 93), it met no objections from the Lewisham Council “even though it was intended principally for the rehousing of families from the inner London boroughs...,” i.e., families who were being displaced from inner-city slum clearance and had not resided within the boundaries of Lewisham borough as then constituted. The Bellingham estate “was planned as a self-sufficient residential area, hitherto something rarely attempted by public enterprise [sic], and structurally resembles the traditional village” (Randall, n.d., Introduction), embodying the planning ideals of the turn-of-the-century Garden City Movement. Developed from 1919 to 1923, it consisted of 2,090 dwellings: of these nearly 1,800 were semi-detached or terraced houses, not flats; about 1,500 of the houses had 3 bedrooms; the balance had 2 bedrooms, and the 300 or so flats had 1 or 2 bedrooms (Randall, n.d., Figure 3).

As the LCC’s Bellingham project was getting underway in 1919, the borough councils of Deptford and its nearby southbank neighbour Bermondsey approached the Lewisham Council with a proposal for the three boroughs to build jointly a “garden city” southeast of Bellingham to help meet “the desperate need for working class housing” that the inner boroughs could not adequately address within their own confined boundaries (Black, 1981, p. 29). This set off an enormous controversy in Lewisham and its elected borough council, reflecting rising class and associated political party divisions. Early in 1920, a majority of the divided council rejected the proposal (Coulter, 1994, p. 93). In response Deptford and Bermondsey turned to the LCC, “which announced two months later that it would compulsorily purchase the land in question (plus 150 acres adjoining) to build the huge estate now known as Downham... [resulting in the Lewisham Council’s] loss of control over its design and the selection of the tenants...” (Coulter, 1994, p. 94).

The Downham LCC Estate was built between 1924 and 1930 on what was quite literally a rural greenfield site on the Lewisham-Bromley border used for weekend outings by Lewisham residents (Black, 1981, p. 27). The development consisted of 6,054 dwellings:

5,659 of these were in two-storey brick houses; the rest were flats in 2 and 3-storey buildings. In contrast with Bellingham, where the overwhelming majority had 3 bedrooms, at Downham only a little over a third of the houses had 3 bedrooms; the rest of the houses had just 2 bedrooms, whilst the flats had 1 or 2 bedrooms (LCC, 1937, pp. 147-149; Black, 1981, p. 26). When completed it provided housing for about 30,000 people or more.<sup>20</sup>

In building Bellingham and Downham in the southern parts of Lewisham, it was the intention of the LCC to provide new housing for substantial numbers of working-class families from Deptford and other inner parts of South London. It certainly did so, with substantial and lasting impacts on both Lewisham and Deptford, although the actual numbers and proportions who came from inner London are not clear.<sup>21</sup> Jess Steele has recounted the changes from the perspective of Deptford (1993, p. 173):

People's reasons for moving were varied. Men who had fought in the war and heard promises about better lives for heroes were disappointed when they returned to overcrowding and poor conditions. They put their names down for LCC estates but it could be many years before they were offered a place. Often illness in the family and a doctor's recommendation to find a healthier life spurred Deptford people to apply for rehousing though there were strict criteria to be met. Priority went to civil servants, postmen, bus drivers and all those with regular jobs. [There were minimum and maximum incomes.] Processing the application meant a visit from the Council to check on domestic standards and circumstances. Families who were offered accommodation were envied by others in their neighbourhoods and the move could mean losing some old friends though many kept in touch with their home towns through work or family.

Alistair Black commented on some reverse migration that occurred, for both economic and social reasons (1981, pp. 35-41):

It seems probable that a number of residents (many of whom it must be remembered were afflicted by the plague of unemployment) drifted aback to the inner city districts because of the high rents charged on suburban council estates.... A much more common reason for residents to return to inner London districts than the inability to pay rent was lack of familiarity with the new environment....

But after a time Downham and estates like it began to assume many of the characteristics of their former inner London neighbourhoods; in particular a strong sense of community and kinship, solidified by the emergence of a first generation born and bred on the estate....

[W]hatever the drawbacks of the new environment, the houses provided at Downham, built twelve to the acre in accordance with government guidelines laid down in 1919, were infinitely preferable in terms of quality than those which tenants had been used to... (p. 41).

Timothy Bellenger's 1986 study of Downham and its residents pointed more critically to the

social cost of such schemes, drawing a lesson learned imperfectly at best over the eight decades that have elapsed since then (p. 55):

The first major implication of estates such as Downham was the breakup of the extended family. This family may not have been contained in one household, but it was an essential part of slum life.... Intimacy did not figure in the mind's eye of mainstream town planners. Downham was a pure solution to the housing problem; it was never intended to make it a balanced community. It was a living area in terms of houses, rather than a complete settlement. This slavish adherence to a housing policy resulted in the loss of many development opportunities....

The Downham and Bellingham estates not only altered Deptford and those who moved, it also had lasting effects on Lewisham, as John Coulter has noted (1994, p. 94):

During the 1920s and '30s Lewisham proper tried to ignore Downham and Bellingham, perhaps subliminally hoping that they would go away. If the eyes were carefully averted from the south it was still just possible to see Lewisham as the same solid middle class town it had been before the war....

[But the] sudden introduction of these thousands of working people (by the will of an exterior authority) decisively altered the social and political balance of the borough....

### **The 1930s**

In the decade prior to World War II more council housing was built in Deptford and Lewisham, including the first large estate in the central part of Lewisham borough – most of it by the London County Council not by the boroughs themselves.

In 1932 the LCC began development of the 1,104 unit Honor Oak Estate on a 30-acre site in Brockley spanning the Deptford-Lewisham boundary, thus further linking the two boroughs. “Of this accommodation 725 dwellings have been utilised in connection with slum clearance operations and 378 dwellings have been allocated for the abatement of overcrowding...” (LCC, 1937, pp. 91-93). It consisted entirely of 5-storey blocks of flats following a then-standard LCC design of red brick facades, steeply-pitched tile roofs, exterior single-loaded corridors and large, double-hung windows.

In 1936 the LCC expanded the Bellingham Estate south of Southend Lane, adding another 546 dwellings, about a third of them houses, the rest flats in three-storey buildings (Lewisham, c. 1937, p. 56; LCC, 1937, pp. 143-147). Over the next few years Downham was also expanded, with the addition of 1,038 units at Whitefoot Lane (LCC, 1937, Appendix II, p. 259).

In Deptford, in 1936 the LCC completed the last phase of the Hughes Field Estate. Begun in 1927, it consisted of three- and five-storey blocks of flats, containing 410 units, of which just 121 were in Deptford borough itself, the rest being across the boundary in Greenwich (Deptford, 1939-40, p. 37). These units were in addition to the pre-war tenements and

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cottages, described earlier, which were at this point incorporated into the estate (Deptford, 1939-40, p. 38).

During the first half of the 1930s the LCC also built the Deptford Park Estate (102 units) and the Speedwell Estate (180 units). After 1936 the LCC developed the 444-unit Crossfield Estate (Deptford, 1939-40, p. 39). The latter was to have a notable role in Deptford's social housing history nearly 50 years later. The principal housing initiative of the Deptford council during this period was the Brockley Estate (Deptford, c. 1949, p. 34).<sup>22</sup> Meanwhile the Lewisham council continued to proceed more cautiously than the LCC, rhetoric to the contrary notwithstanding, adding fewer than 300 units between 1930 and 1937.<sup>23</sup>

In sum, by the start of World War II there were about 13,000 council housing units in Deptford-Lewisham. The overwhelming majority had been built by the London County Council, not the local boroughs. Three-quarters of all the units were located in the far southern reaches of Lewisham borough, in the Downham, Bellingham and Grove Park estates.

### **The Post-War Era, 1945-1965**

Deptford and Lewisham suffered enormous direct human and material losses in World War II, quite apart from the combat losses overseas. The need to rebuild and build anew thus greatly increased the role and responsibilities of the local councils and the LCC in the provision of housing.

The Deptford borough council described the wartime devastation in the following terms (Deptford, c. 1949, p. 32):

In those fateful years Deptford bore a tremendous onslaught in its most vulnerable position almost at the end of what became commonly known as 'bomb alley' – the direct route of enemy raiders when making for London. There was, indeed, scarcely a property in town that did not suffer in some degree.... In all 662 people were killed and 1,140 seriously injured; 2,132 houses were utterly demolished and thousands more suffered damage in varying degrees....

John Coulter has similarly described the impacts on Lewisham (1994, p. 97):

[T]he damage to the town during the war was immense. In the borough as a whole ... over a thousand civilians were killed by bombing, many more were injured or made homeless. Some 3,600 houses were destroyed, 15,550 were seriously damaged, and only 370 escaped entirely unharmed....

Between 1945 and 1955, the Deptford borough council focused particularly on temporary housing and restoring the areas of greatest devastation. Nonetheless, about 375 new units were built on various sites, and as of 1955 nearly 500 more were under construction (Deptford, 1955, p. 32). Also during that decade, the LCC completed several estates that had been started in Deptford before the war (at Tanner's Hill, Frankham Street, and New

Cross Road), and as of 1955 new estates at Grove Street and Kender Street were under construction (Deptford, 1955, pp. 32-34). By 1958, the Deptford council and LCC had added about 800 new permanent dwellings in the period since the end of the war; by 1964 this had increased to over 1,300 units, “and the current stage of housing development will materially add to this figure...” (Deptford, 1958, p. 18; Deptford, 1964, p. 18). However, the physical character of Deptford as a dense, built up, inner city area was influencing the type of housing being built (Deptford, 1958, p. 18):

In view of Deptford’s restricted size the joint policy of the Council and the LCC has necessarily been to build upwards, and the huge blocks of flats, rising as high as eleven storeys, are tending materially to change the skyline itself.

One of the estates built right after the war was Magnolia house on Evelyn Street, completed in 1949. Resident leaders organised a tenants’ association, one of the first in the country, and canvassed in other new estates nearby, but ran into resistance from the Deptford council and its rent collectors, according to Jess Steele (1993, p. 191). Despite the socially oppressive conditions in these estates, they did have an architectural solidity not necessarily to be continued later (Steele, 1993, p. 191):

Magnolia House, and numerous other post-war Council infill sites, were solid brick blocks in a functional 1940s style. Very few of them have been knocked down and with proper maintenance, they should last many more lifetimes. The estates that were to follow were a different matter altogether.

In Lewisham borough about 7,500 new public housing units were built between 1945 and 1965. In contrast with the pre-war period, the borough council was the largest single builder, responsible for over 5,000 of the flats and houses, with the LCC producing about 2,500 units; private development amounted to about 2,500 additional units (Lewisham, 1961, pp. 59-63; Byrne, 1965, p. 23), i.e., about three-quarters of all the new housing was built by local authorities.<sup>24</sup> Whilst the LCC tended to build larger estates consisting almost entirely of blocks of flats, the Lewisham council built small estates (the largest by far was Leybridge Court on Eltham Road with 172 flats and maisonettes), many with a mixture of flats and houses, as well as a considerable number of individual houses (Lewisham, c. 1961, pp. 59-65).

In this period there was a major focus by the LCC and Lewisham council on Forest Hill and Sydenham, in the south central and southwest parts of the borough, areas that had not previously had any social housing (Byrne, 1965, pp. 37-39).

Despite John Coulter’s dismissive comment (1994, p. 98) that “After the war the blocks became bigger and nastier still,” the post-war estates in Forest Hill and Sydenham actually represent the full range from the best to the worst of council housing. The Lammas Green Estate built by the Corporation of the City of London on the top of Sydenham Hill shows the highest quality design and construction, consisting of several 2- and 3-storey blocks of flats, as well as close of two-storey terraced houses. By contrast, the 491-unit LCC Sydenham Hill Estate, a few hundred yards away, does fit Coulter’s characterisation of it (1994, p. 98):

“built, as if expressly to prove how little it is possible to make even on the most magnificent site.” The magnificent hillside site with many mature trees gives a positive first impression. However, examination of the 6-storey (most) and 3-storey buildings that predominate reveals a design and construction similar to much of the bleak US “mid-rise” public housing of the same era – except for balconies on most units.<sup>25</sup> Yet even this estate included 67 much sought-after cottages of one and two storeys (Lewisham, 1961, p. 71). The other estates built in Forest Hill and Sydenham during this period, such as the LCC’s Forest Estate and Shackleton Estate and Lewisham’s Sheenewood Estate, also show considerable variation in design and quality between, and sometimes within, estates.<sup>26</sup>

Between 1945 and 1965 at least 9,000 public housing units were added to the inventory in Deptford and Lewisham, mostly through new construction, but also some conversions and acquisitions. Added to the pre-war local authority stock, some of which had to be rebuilt, there were now about 22,000 social housing units, accounting for approximately a quarter of all housing in the combined boroughs. About 12,000 of these were GLC and 10,000 Lewisham council units.

### **Borough Transformation, 1965 to the Early 1980s**

As mentioned earlier, in 1965 the London County Council was replaced by the Greater London Council, which involved both geographical expansion of boundaries of London and consolidation of the old metropolitan boroughs (Akroyd, 2000, p. 745). Deptford was eliminated as a separate borough, most of it being incorporated into a newly-configured Lewisham, but a chunk along Deptford Creek and the Thames remained part of Greenwich. In this amalgamation, Deptford felt its identity and interests were, at best, being diluted by suburban Lewisham (Steele, 1993, pp. 196-198), whilst Lewisham felt that its politics and future were being taken over by inner-city Deptford (Coulter, 1994, pp. 99-100).

The administrative consolidation of Deptford and Lewisham, while leaving a political and attitudinal legacy that has, in some respects, lasted for nearly 40 years, was only one element of a profound transformation with deeper roots that would have overtaken the area regardless. Although there had been centuries-long history of Black residents in Deptford – associated in large measure with the town’s role in the slave trade (Anim-Addo, 1995, Part One and Part Two), African-Caribbean migration in the post-war decades resulted in the emergence of a substantial Black community in Deptford and parts of Northern Lewisham. An “area dubbed the ‘Caribbean Quarter,’ grew ...around Childeric Road...” (Anim-Addo, 1995, p. 112). Yet discrimination in all aspects of life, including housing, denied Black residents access to most council housing during the post-war period. Only in the 1960s did Black residents begin to gain access to council housing.

Between 1965 and the early 1980s, expanded Lewisham underwent a demographic shift. The Black population (and to a much lesser extent other ethnic groups), although well established in the northern part of the borough, became an even more substantial part of many neighbourhoods throughout the borough. Lewisham was certainly not unique in this respect, in London and indeed in many metropolitan areas of the developed capitalist world. Nonetheless, Lewisham along with the boroughs of Southwark and Lambeth, and to some

extent Greenwich, emerged as the heart of a vital Black Southeast London (Anim-Addo, 1995, Chapter 13).

Furthermore, during this period the amount of social housing more than doubled in the expanded borough of Lewisham, accounting for an even greater share of all housing in most neighbourhoods, except for Bellingham, Downham and Grove Park where the large cottage estates still dominated and saw no further additions. The correlation between the demographic changes in the borough and the growth of social housing should not, however, be seen in simplistic causal terms. On the one hand, the age and condition of the existing housing stock and the growth in population impelled major public intervention even in parts of London that did not experience similar demographic change. On the other hand, many of the Black residents had already faced and continued to experience considerable racial discrimination in rental housing, and therefore purchased houses, albeit often with racist exploitation (Anim-Addo, pp. 98, 112-113, 122-123). Furthermore, in the decades after this period, when the amount of social housing has been substantially reduced, especially by the “right to buy” policy, the racial/ethnic diversity of the borough has nonetheless continued to increase.

It is not possible to fully understand the contours of social housing in Lewisham during this period and beyond without attention to the racial – and in some ways racist – housing practices of the GLC and Lewisham council. Housing allocation practices of both councils tended to “preserve” the almost all-white character of older, better quality council estates, quite overtly in the post-war decades, but more subtly in the era of transformation. Some of the newer estates built in this period, especially GLC estates, were “protected” for white, working-class applicants. Other estates, notably some built in Deptford by the Lewisham council, had more open occupancy. The latter thus became known as “Black estates,” even though at first a majority of the residents were lower-income whites, so that the estates were actually quite integrated (Back, 1996, chapters 2 and 5). During the 1970s the Lewisham council began monitoring its housing allocations policy and finally acknowledged that: “The results of the lettings analysis appear to show a broad pattern of disadvantage in lettings to black people...” (Lewisham, 1980a, pages not numbered).

Beginning in the mid 1960s a great wave of demolition and new housing estates swept through Deptford. The first, opened in the summer of 1966, was the GLC’s Pepys Estate, “the ultra-modern self-contained town dreamed up by the GLC Architects’ Department for the old [Royal Navy] Victualling Yard site [along the Thames]...” (Steele, 1993, pp. 191-192). The estate included 1,324 units: about a third of the units in three 24-storey tower blocks; most of the rest in 8-storey blocks; and 94 units in rehabilitated, architecturally-listed early 19<sup>th</sup> century buildings from the victualling yard, including two rum warehouses, a Georgian coach-house, and the so-called Colonnade and Terrace Buildings (Greater London Council, c. 1969). One of the tower blocks (Aragon) and all of the historic buildings are located on or near the Thames River. At the time the estate was built, the view along the south bank of the river and across to the Isle of Dogs was of rapidly declining and derelict docklands.

Pepys was followed by the Deptford council’s Evelyn and Milton Court estates, which,

unlike Pepys, were largely pre-cast concrete high-rise towers of dubious site planning, design and construction quality (Steele, 1993, p. 192). Jess Steele has recounted the social implications of the redevelopment schemes in the following terms (1993, pp. 193-195):

Deptford's estates have been a problem since they first breached the skyline. In its early years Pepys was a bastion of respectable white working class: old dockers in a new town. However, as Deptford's reputation sank and housing elsewhere in Lewisham Borough increased, the most 'respectable' of aspirations became to 'get out of Deptford' .... Nevertheless the estate has had a strong identity and this has been predominantly positive for most of its life. Some residents have fought hard against the periodic social breakdowns....

From the start ... Milton Court had a terrible reputation. The first set of residents moved there in the autumn of 1971. By the spring of 1972 they had formed a tenants' association....

While Pepys Estate managed to mix destruction and conservation in the old Victualling Yard, Milton Court obliterated an area of small houses with bay windows on both floors, obviously built as flats from the start.... It is hard for those who did not see it to imagine how disruptive the actual building of the estates was....

The Pepys estate was developed by the GLC, which was proud of its innovative design and operated a discriminatory allocations policy to ensure that it remained all white, providing quality housing and a sense of community to families of the South London docklands as the industry declined into oblivion (Steele, 1993, p. 213; Back, 1996, pp. 32 ff.).

Not surprisingly, given their exclusion from more desirable estates and their desperate housing needs, Black people made up a large share of those who moved in to Milton Court, though not a majority. Milton Court was developed not by the GLC but by the Lewisham council, which by this point was willing to allow Blacks into council estates, notably "hard to let" estates. As a result, Milton Court evolved into a centre of Black political and cultural identity, with both positive and negative repercussions.

On the one hand, a tenants association was formed that vocally challenged the borough council about the poor quality planning and design (Steele, 1993, p. 194), though with uneven participation and little success (Back, 1996, p. 104) until much later. On the other hand, the estate became a focal point, both symbolically and literally, for tensions between the police and Black youth. Police attitudes and actions were provocative and heavy-handed, but at the same time there was serious criminal activity on the estate (Keith, 2003). In the 1980s, following some dreadful racist incidents and growing community pressure, the police adopted more sophisticated and somewhat more sensitive "community policing" approaches at Milton Court, other Deptford estates and other volatile parts of London that helped to reduce both crime and tensions (Steele, 1993, p.206; Keith, 2003 ).

Despite its physical flaws and its persistent negative reputation, by the late 1980s Milton Court evolved into an incubator for emerging multi-racial, multi-cultural youth culture that

offers some hope for transcending old barriers, stereotypes and prejudices (Back, 1996, Part II). However, it took nearly two decades of tenant activism before Milton Court underwent major physical redevelopment in the early 1990s, including demolition of all but one of the tower blocks and reconfiguration with new low-rise flats and houses. It is now considered to be quite well managed, and a portion of the estate has a very successful tenant management cooperative (Steele, 2003).

A final tale of resident activism in Deptford from this period is about Crossfield, a 1930s LCC estate that had been turned over the Lewisham council in 1971 after decades of neglect and decay (Steele, 1993, pp. 202-203). Precipitated by a road-widening scheme nearby, tenants mobilised for direct action around their living conditions. After some resident who wished to move were relocated, there followed a successful effort to encourage young single professional people to move into vacant units in the estate. Although it was many years before substantial physical improvements came to Crossfield, “[t]he estate brought a new middle class segment to Deptford without the gentrification and widespread displacement of working class communities that we have seen in the rest of the docklands.” (Steele, 1993, p. 203).

The Federation of Lewisham Tenants and Resident Associations (FELTRA), which began in 1955 and which consisted of associations of council tenants from throughout the borough, was most active in the central and southern parts of the borough. Through the 1970s, FELTRA received direct funding from Lewisham Council, and there appears to have been mutual respect between FELTRA and senior management. The Housing Committee of the borough had five tenants as district representatives plus a FELTRA member, all as voting members. Tenants felt that they had a voice and were taken seriously (Kysow, 2003; Mucklow, 2003).

During this period, the Lewisham council no longer published detailed reports identifying the estates (and the number of units) being developed by the GLC and the council itself. In 1974 the council reported that it owned and managed about 23,000 units. It had produced over 6,000 new units since 1965 and declared that: “The new housing programme of the Council includes plans for slum clearance and for new house and flat construction with an annual target of about 1,000 new dwellings each year” (Lewisham, 1974-75, pp. 25-26). During the same period over 6,000 GLC units were transferred to Lewisham council. At that time the council had a housing waiting list of about 12,000 families (Lewisham, 1974-75, pp. 25 and 27). No figures are available on the number of GLC units in the borough, but net of transfers to Lewisham council, it was probably about 10,000 units.

In 1980 the council reported that it owned and managed 30,000 flats, maisonettes and houses (Lewisham, 1980/81, p. 15). However, no information was provided on housing completed, under construction and planned by the borough, and no statistics were provided on GLC units. In 1985, following the Thatcher regime’s elimination of the GLC, Lewisham council reported that: “The 1983 transfer of 13,000 Greater London Council homes means that Lewisham Council owns and manages over 43,000 flats, maisonettes and houses now” (Lewisham, 1985, p. 25). Whilst this is from an official source, there are some reasons for believing that the 43,000 figure is too low. First of all, it would imply that the council

produced essentially no new housing between 1980 and 1983. Yet “[a]t the end of the Labour years, Lewisham Council flooded the Department of the Environment with housing proposals so Government restrictions on new Council building did not finally catch up with the borough until the end of 1981” (Steele, 1993, p. 203). Secondly, the borough website states that “in April of 1980, the number of housing units owned by the Council was 47,200” (Lewisham, 2002a).

In sum, between 1965 and the early 1980s, the stock of council housing in Lewisham doubled once again, from a base of about 22,000 units (roughly half built by GLC and half by Lewisham council) to a peak of between 43,000 and 47,000 (eventually all owned and managed by Lewisham). During this period, Lewisham experienced a substantial increase in its Black population, as well as an influx of Vietnamese refugees after the mid 1970s. Many of the new residents moved into council estates, and race emerged as a significant facet of social housing in the borough.

The enormous increase in the amount of council housing throughout the borough in the 1960s and 1970s, together with the changing demographics in the northern parts of the borough, led to a considerable amount of white flight from Deptford to estates in southern parts of the borough, as well as some migration of African-Caribbean families to estates in central parts of the borough. Some whites who remained in Deptford were accepting of the greater diversity, but others were overtly hostile. As a result, some of the larger estates became literally and officially “difficult to let,” some of them built in the 1960s (Heffernan, 1977) and others of pre-war vintage (UK Department of the Environment, 1981).<sup>27</sup> The latter point is important because it belies any simplistic notions of architectural determinism. The independent professional analyses of the “difficult to let” estates did give considerable attention to physical problems and recommended physical improvements, but they also called attention to social and managerial issues, including some criticism of Lewisham council for alleged deficiencies in dealing with demographic change and fostering tenant participation.

Since that time there has been substantial reduction in the “difficult to let” problem, though not necessarily as much with the “difficulty to live” problem. A great deal of attention and resources have been devoted to physical improvements of estates, with central government assistance. The council and residents themselves have gradually become rather better at dealing with demographic change and diversity, albeit unevenly in space and time. Tenant participation has become, however, an area of contention.

### **Change in the 1980s and Early 1990s**

During the following decades, in a dramatically different national policy context, very little new council housing was built, while thousands of units were lost under the “right to buy” scheme, and others were lost through stock transfers and estate regeneration schemes. Housing associations emerged as major players on the Lewisham social housing scene, adding new housing, taking over some existing council housing and rebuilding parts of some estates, though not offsetting the losses of council units. The BME population continued to increase, with much greater diversity, within the borough as a whole and particularly in social

housing. With serious problems of racial discrimination and harassment occurring on housing estates, strategies for social inclusion became necessary, if not always effective, counterparts to physical regeneration plans.

Through most of the 1980s there was very little in the way of capital funds available for council housing. Remaining funds in the pipeline financed some small estates, so that by 1990 the Lewisham Housing Initiative had built about 500 new homes (Lewisham, 1990, p. 33). The council focused on management and repairs in the existing stock and undertook the first capital regeneration of Deptford estates in the 1980s through Urban Programme Grants. This provided funds directly to local authorities with no requirement of partnership or community involvement; the emphasis was on redesign to minimise crime (Steele, 2003). The council also sponsored some small-scale innovations, such a solar heating development in Catford and self-build in Downham, Forest Hill and Honor Oak (Lewisham, 1988), but these were for homeownership.

By the late 1980s substantial planning was underway for estate regeneration, especially in Deptford. As the result of a long history of tenant organising, as well private initiatives such as the Faith in Estates project (The Prince's Trust, 1991), the basis existed for resident involvement in regeneration. This was the broad context when central government funding for Estate Action, Urban Programme, City Action and Safer Cities was followed by launching of the Deptford City Challenge in 1991, with a particular focus on the Pepys, Milton Court and Evelyn estates (Lewisham, 1991). On the one hand, the Deptford Tenants and Residents Association worked within the framework of these programmes to strengthen the tenants movement and tenants' representation; (Centre for Urban and Community Research, 1997, p. 35). On the other hand, the realities of power and process resulted in modest "community empowerment" at best (Centre for Urban and Community Research, 1997, chapters 11, 12, and 16). Soon after the end of funding for City Challenge, the Deptford Tenants and Residents Forum made up of council tenants collapsed, while Deptford Community Forum made up of long-time activists beyond council housing has survived. Local activists fault City Challenge for having created these two separate forums rather than a unified forum embracing the diverse elements and interests of the locale (Ellson, 2003; Pope, 2003; Steele, 2003).

During the 1980s housing associations were becoming an important part of the social housing environment in Lewisham, just as they were across the country with the financial support of the Housing Corporation. At this point housing associations were functioning in a way that was fairly independent and complementary to the council. The emphasis was primarily on buying up older run-down housing in scattered locations around the northern part of the borough, such as along New Cross Road and the areas around Childeric Road and Deptford Park. Some of the housing had been privately owned; some was scattered local authority houses that the council was no longer interested in and essentially gave to housing associations to fix up (Steele, 2003). Hyde Housing Association, which had been established in Lewisham in 1968 (Hyde Housing, 2002), was one of the principal participants in this process of acquisition and renovation. It has since become one of the largest housing associations in the UK and the largest in Lewisham, with a leading role in estate regeneration and new construction.

Social and political issues were central to what was happening in council housing in this period. One key issue was demographic change and racial harassment. Another was resident involvement and organising. According to the 1981 census the borough was 25 percent Black, mostly African-Caribbean, with areas of Deptford up to 50 percent. The Black population was quite young, while the White population was much older. During the 1980s there was a large influx of Vietnamese, and there were small numbers of people from Pakistan, India, Africa, Greek and Turkish Cyprus. From the late 80s into the 1990s a large number of West Africans settled in the Deptford area. The continuing economic decline of the area left few employment opportunities for anyone, but the problem was particularly acute for young Blacks (Back, 1996, p. 21).

Some housing estates that were still dominantly white at the beginning of the 1980s, such the Pepys and Silwood estates in Deptford and the northwestern corner of the borough, underwent significant change in their racial composition when new housing allocation procedures based on need were put into effect in the early 80s. White resentment was intense at what was perceived to be the “death of the community” through the settlement of Black and Vietnamese so-called “problem families” (Back, 1996, pp. 35-47). By the mid-1980s racial harassment of various sorts was quite common, toward Black people but even more toward Vietnamese (Back, 1996, pp. 44, 96-98).

Although Lewisham council established official procedures in 1985 for dealing with racial harassment and other manifestations of racism (Lewisham, 1985), serious problems of racial harassment on some housing estates persisted at least until the mid-1990s, with the council being criticised for responding inadequately (Mucklow and Cleary, 1994). Joan Anim-Addo is worth quoting at length on the issue (1995, p. 198):

In July 1994 the *South East London Mercury* revealed how Lewisham Council’s policy punished victims of racial harassment. It was a full year after LREC’s [Lewisham Racial Equality Commission] report ‘Racial Harassment and Violence on Lewisham’s Housing Estates’ gave detailed accounts of disturbing racial incidents on a number of housing estates. Silwood Estate on the Southwark/Lewisham border, where the BNP [British National Party] put up a candidate in the May 1994 local elections, was considered one of the worst trouble spots in this respect. LREC’s researcher ... reported 138 incidents of racial attack and harassment against 15 households in the year to March 1994. The families suffered threats and physical attacks, racist graffiti and name calling, eggs and stones thrown, windows smashed and excrement smeared on doors and cars....

Yet the Council insisted on a ‘transfer as a last resort’ principle with the effect that distraught tenants were forced to remain on estates where they had been on the receiving end of racial violence.

Following the report, national press and television coverage ensured that the issue could not be ignored for much longer. In 1994 the Council began eviction proceedings against some of the perpetrators. This was after the victim had complained for two years with no response from the Council or the police. It still needed, however, a formal complaint via

the CRE [Commission on Racial Equality] before substantive action was taken. In April 1995, the policy of transfer as a last resort was dropped....

During this period there were also growing tensions between the Lewisham council and tenant organisations. During the 1980s the council decentralised the administration of housing, changing from five districts to 16 neighbourhoods. Local tenant organisations, which had built up strength and influence at the district level, were told they could only have an advisory role in the new neighbourhood level. And FELTRA, which had been able to keep up with the activities of five districts, lacked the capacity to coordinate activities in 16. The tenant movement fractured. Tenants still had voting rights on the borough Housing Committee, but at both the local and national levels there was declining political support for council housing. Indeed, right to buy also generated animosity among estate residents in Lewisham and elsewhere (Kysow, 2003; Mucklow, 2003).

Then the 1989-90 national policy of compulsory competitive tendering brought with it the end of tenant voting rights on borough housing committees. Tenants felt disempowered and saw little reason for participation, except in places with regeneration money, such as Deptford. FELTRA, which was one of the strongest local federations in the country, was struggling. It found its limited budget pitted against things like homeless services, and not surprisingly tenant associations lost out. In 1992-93, a levy was instituted on tenants' rents to fund local tenant associations and FELTRA (Kysow, 2003; Mucklow, 2003). This ultimately proved to be a devil's bargain from FELTRA's perspective.

## **Current Issues and Activities Around Social Housing in Lewisham**

Lewisham borough continues to have a higher proportion of social housing, and within that a higher proportion of council housing, than the national average. The physical problems of the older housing stock and the need for additional social housing apparently exceed national average as well. Demographic change and racial issues continue to be integral to the dynamics of social housing in the borough. Economic changes, population growth and private real estate pressures in London heighten these dilemmas.

From what I have observed, Lewisham has many competent and committed housing professionals working both for the council and for housing associations. It also has many dedicated and knowledgeable social housing residents and activists. Yet there seems to be considerable tension between them, poor communication and weak participatory structures. To a considerable extent, elected officials appear not to be providing bridges between the professionals and the community, but instead to be part of the problem. Current issues around social housing in Lewisham thus take on added complexity, reflecting differing perspectives and conflicting agendas. The following discussion inevitably is coloured by these tensions.

### **Physical Issues**

As suggested by the historical account, the “Council stock in Lewisham is one of the oldest in London, with 38% built before 1945 and 78% before 1974.” Nearly every unit of the stock needs at least £5,000 of work, and more than 10 percent of the units need at least £15,000 (Lewisham, 2002b, p. 3)

Most of the current regeneration activity on council housing estates continues to be in the northern part of the borough, notably at the Kender, Honor Oak, Sundermead, Silwood and Pepys estates (Lewisham, 2002c, pp. 18-20). This follows earlier investments in Pepys, Evelyn and Milton Court. Some estates in Deptford have not benefitted from the infusions of funds for capital improvement and redevelopment. But at least one of these, Sayes Court, close to the river near the Greenwich boundary, is reportedly very well managed due to relentless oversight and pressure from a long-time resident activist. Yet Sayes Court undoubtedly will be massively impacted by the impending luxury development of adjacent Convoys Wharf, as will Pepys (Cadman, 2003; Steele, 2003). The ability to continue regeneration and meet the national “decent homes standard” crucially depends of course on financing, which will be discussed below.

Hyde Housing Association has a key role in the regeneration of both the Pepys and Kender estates through its regeneration arm, Hyde Plus (Hyde Housing, 2002). At the Kender Estate Hyde is demolishing many of the low-rise buildings and replacing them with 430 new units; it is also contributing to new community facilities and employment training. At the Pepys Estate Hyde is building 265 new units, approximately one-for-one replacement, but some will be sold to owner-occupants, so there will be a net reduction in the number of social units.

The Lewisham Housing Needs Survey 2002 found that about 17,600 households in the borough are living in “unsatisfactory or unsuitable accommodation” and about 11,100 “experience overcrowding” (Lewisham, 2002c, p. 5). The London Housing Capacity Study suggests that the Lewisham could accommodate about 11,000 additional units over the period to 2016, and the local council hopes that at least this many will be built (Lewisham, 2002c, p. 5). It is not known how many of these might be social housing units. The goal is to have at least 30 percent of new development be “affordable” (Lewisham, 2002c, p. 7), without, however, any explicit operative definition of “affordable.”

## **Ownership and Management Issues**

Extensive redevelopment is occurring in the northern part of Lewisham and spreading to central areas in response to private market demand and new transportation, adding to pressures to privatise the council stock. The council’s policy is to resist production of more social housing in areas such as Deptford where there already is a high concentration (Lewisham Housing Commission, 2000; Lewisham, 2002c). The council’s strategy is thus not to push for inclusionary social housing as part of new private development, but instead take planning gain contributions in cash to use for social housing in other parts of the borough. Since regeneration is actually reducing the amount of social housing in the northern parts of the borough, existing communities face not just short-term relocation, but possibly

permanent disruption and displacement. Tenure mix and economic diversity have a different character within a context of diminishing social housing in a locale, in contrast with a context that includes preservation or net increase of social housing (Cadman, 2003; Steele, 2003).

The Pepys regeneration is particularly controversial because the 4-storey and 8-storey buildings that have been and will be demolished are considered by an architect hired by the community to have been sound, capable of renovation and at least as good as many others not being demolished. Those being demolished do happen to be amongst those closest to river, the area most amenable of course to gentrification. Not unrelated, of three Pepys tower blocks the one right on the river, Aragon Tower, has had its tenants “decanted” (relocated) and has been sold to a private developer, who gained planning permission to add a number of additional storeys and convert it to market-rate luxury housing. Resident leaders and activists understandably were disturbed not only by the social consequences of the activities, but what they regarded as secrecy with which decisions have been made (Cadman, 2003; Leech, 2003).

Not unrelated, of three Pepys tower blocks the one right on the river, Aragon Tower, has had its tenants “decanted” (relocated) and is being sold to a private developer, who is already seeking planning permission to add a number of additional storeys and convert it to market-rate housing. Resident leaders and activists understandably are disturbed not only by the social consequences of the activities, but what they regard as secrecy with which decisions have been made (Cadman, 2003; Leech, 2003).

On the issue of stock transfer, in 1998 Lewisham Council put forward a proposal to transfer 7,200 units in Forest Hill, Rushey Green and Brockley to RSLs. In a ballot held in the spring of 1999, a majority of tenants who participated in the vote opposed the transfer and hence it did not go forward (Pollack, 2000). The vote followed a contentious campaign and left a legacy of bitterness between the council and activists, which will be discussed below within activism and participation.

About 40 percent of the council stock (including leasehold units within estates) has been turned over to private, for-profit management companies: Pinnacle PSG in the Forest Hill and Sydenham Housing Areas; WMS Hawards in the Grove Park Housing Area; and Circle 33 in the Central Lewisham Housing Area. Whilst it is argued that the council cannot efficiently manage over 30,000 homes (Lewisham Housing Commission, 2000), the private companies have comparable portfolios over larger geographical areas. For example, Pinnacle’s website proudly proclaims that “[w]e now manage over 20,000 local authority homes in London alone” (Pinnacle PSG, 2003). Conversations with some council residents has revealed overall satisfaction with the level of maintenance services in estates managed by the borough itself and claims that private management has not been as effective. A conversation with a maintenance worker, who worked for the council but now works for one of the private firms in the same locale, indicates a reduction in the on-site maintenance staff, diminished capacity to respond quickly and loss of informal social supervision that had been part of the council’s on-site management.

## **Financing Issues**

In its current Housing Strategy, the council estimates that to meet the national decent homes standard (Lewisham, 2003c, p. 17)

will require up to £536m over the next 10 years. The resources likely to be available to us over the same period will amount to £320m and we are actively exploring all investment options that will enable us to meet the investment gap of £216m....<sup>28</sup>

Achievement of the 2010 is based on additional investment being gained through a mixture of stock transfers, PFI's and ALMO's, along with partnership development programmes with RSL's, private developers and other funding agencies.

To date the principal vehicle for generating additional funding has been through partnerships with large RSLs, which generated £33m in 2002 (Lewisham, 2002c, p. 21). However, as mentioned above, this process is resulting in de facto stock transfer on some estates and the demolition and replacement of some housing that was amenable to rehabilitation.

Lewisham has also initiated its first private finance initiative, which will raise private capital by mortgaging council housing. As the Housing Strategy states (Lewisham, 2002c, p. 18): "We have now received approval for £44.6m of PFI credits ... enabling us to proceed with our PFI proposals for 2000 homes in Brockley...."

By all indications, Lewisham policy makers are embracing private financing and ownership strategies, not merely being relentlessly driven to them by central government policies. Nonetheless, there is recognition at the highest professional level that there is a fundamental irrationality in the central government policy of preventing public borrowing: i.e., that private borrowing makes no more demand on the capital markets than the same amount of public borrowing for the same purpose, yet costs more in higher interest payments (Hayes, 2003).

## **Social Issues**

Over the past decade, Lewisham has realised even greater social diversity, not just in the northern areas, but throughout the borough, including the large cottage estates in the far southeast, which heretofore have been almost entirely white and aging.

In the northern parts of the borough, where racial change and racial issues have been part of the dynamic of housing estates for decades, there is evidence of considerable progress. According to the chairman of the Pepys Community Forum, the estate now has over 200 nationalities represented, quite peacefully co-existing with little racial conflict (Cadman, 2003). Furthermore, following the notorious history of racial harassment and violence at the Silwood estate into the mid-1990s:

[In 1994] Lewisham Council's bid to central government for Single Regeneration Budget funding to tackle racial harassment on the Silwood Estate had been successful. The

money will be used over three years to enhance the estate's facilities, take legal action against perpetrators, build a self-confident multi-racial community and develop practical projects like the 'Kick Racism out of Football' and 'Uniting Britain for a Just Society' campaigns (Anim-Addo,1995, p.198).

These initiatives, coupled with large-scale physical transformation now underway, has apparently had some significant impact on the racial environment at Silwood (Keith, 2003).

Until quite recently almost all the social initiatives have been focused on the north of the borough, associated with the physical regeneration programmes. The large cottage estates in the far south of the borough have not appeared to have major physical problems, and therefore did not receive capital funding for regeneration. Yet those areas actually have some of the highest rates of social deprivation in the borough.<sup>29</sup> The very long-term White population on the estates has been aging, and social services have tended to be oriented toward their needs. However, as people have died or moved into other types of accommodation, the council's allocation procedures have brought younger residents, more diverse, some with personal and family challenges, into an environment that is relatively isolated and inaccessible. For some time this transformation was not accompanied by adequate and appropriate services for newer residents, nor by social development strategies to deal with perceptions both older and newer residents may have of each other.

Since 2003 a programme of Neighbourhood Management has been launched on four estates: Evelyn and Honor Oak in the north of the borough, Bellingham and Downham in the south. The programme is a part of the Lewisham Strategic Partnership, with Hyde Plus providing a facilitating and administrative role (Thurman, 2003). My impression is that so far attention has been devoted to inter-agency co-ordination to make sure the full array of social and public services more appropriate and responsive. It is not apparent whether and how racial attitudes and tensions are being addressed.

Meanwhile, however, in 2002 the borough council issued its formal Black and Minority Ethnic Housing Strategy (Lewisham, 2002e), developed in conjunction with RSLs that manage housing in the borough, and its Action for Housing Equality (Lewisham, 2002a). The strategy document acknowledges that members of Black and Minority Ethnic communities in Lewisham continue to be disproportionately affected by homelessness, overcrowding and poor housing (Lewisham, 2002e, p. 5). The BME Housing Strategy document presents proposed tasks and actions under the set of Strategic Objectives in the overall Housing Strategy for the borough (Lewisham, 2002c). None of these tasks/actions has a date or timetable, and none sets quantitative targets or measures of progress. The Action Plan does include dates for the identified actions, but the actions are far less specific than those in the Housing Strategy and are primarily about process rather than outcomes.

The one substantive and measurable commitment to BME housing by the council is that at least 15 percent of Housing Corporation capital funding to the borough will be allocated each year to BME RSLs. The current Housing Strategy states (Lewisham, 2003c, p. 21) that "specifically for 2002/2003, we have allocated 16% both directly to BME RSLs and through development agents." Presentation Housing Association, one of the largest BME RSLs

## Social Housing

(although not with a large number of units in Lewisham, see endnote 7) has been selected as “one of five preferred partners under the Regeneration heading...” (Lewisham, 2002e, p. 19), which means that it is assured of some regeneration funding.

## **Participation and Activism**

In 1995 the Federation of Lewisham Tenants and Resident Associations (FELTRA), made up of about 100 local associations of council tenants, celebrated 40 years of activism as a major player in Lewisham and one of the strongest federations in the UK (FELTRA, 1995; Hurren, 2003). Eight years later FELTRA no longer existed. In the late 1990s, as privatisation of ownership, management and financing came increasingly to dominate the social housing agenda in Lewisham, FELTRA was outspoken about what they regarded as lack of an open process by the council as well as the potential substantive implications (FELTRA, 1998, 1999). When the council drew up plans for stock transfer of 7,200 council housing in Rushey Green, Brockley and Forest Hill, with tenant vote in the spring of 1969, FELTRA played a major role in the campaign for tenants to reject the transfer plan. There was very broad organising and a high degree of involvement. Yet the tenants campaign thought that it was unlikely that it could win, given the expensive campaign in favour by the council and alleged personal attacks on the tenant activists. In the end, however, a majority of tenants voted against the plan.<sup>30</sup>

After the vote FELTRA carried on with challenges to private management and private financing (FELTRA, 2001). However, the organisation was subjected to attack by the local authority, which it believes was in response to the stock transfer campaign. FELTRA was accused of fraud in the management of funds for the Lewisham Housing Resource and Advocacy Centre, where its office was located. Staff members apparently faced personal investigations for fraud. Legal action was brought against the organisations, action which eventually fully exonerated FELTRA and its staff. However, workers had been worn down and demoralised and felt unsupported by tenants. By 2001 the number of tenant associations in the federation had dropped to 28, compared with 102 in 1989 (Mucklow, 2003). At the end of 2002, the FELTRA board decided to dissolve the organisation, hoping that at some point a new incarnation might emerge (Hurren, 2003; Kysow, 2003).

What has become apparent through interviews, observations and review of documents, is that, for the most part, formal structures of participation in Lewisham, through regeneration programmes, Neighbourhood Management and Tenant Compact have mostly been just that, “formal.” They have involved limited numbers of residents, mostly older and white – although apparently this has begun to change – in consultation processes that do not provide residents with the power to have much influence, let alone control, over any significant strategic decisions.

At present there is little grassroots organising that could challenge this situation and the dissolution of the local tenant federation. The one notable opportunity for residents to achieve some measure of meaningful participation has been the creation of semi-autonomous organisations, specifically a few tenant management co-operatives on council estates and a small number of independent housing co-ops (Steele, 2003). The vision of some activists for resident ownership of estates, such as Pepys, are undercut by the challenges of residents’ personal circumstances, relatively low rates of participation in recent and current endeavours,

increasing privatisation and alleged lack of council interest and support (Cadman, 2003). Community activism in Deptford that has transcended the boundaries of council estates and focused mostly on issues other than council housing has accomplished a great deal over the past 15 years with fewer resources than tenant associations (Blake, 1998; Steele, 2003). Some community activists are working to overcome this disjuncture in order to respond more effectively to the full set of development and redevelopment processes driving change in the area, of which the future of social housing is a piece (Ellson, 2003; Leech, 2003; Pope, 2003; Steele, 2003).

## **Conclusion**

Social housing in the London borough of Lewisham has been shaped and constrained by the national political economy and policy agendas, but not wholly determined by them. Lewisham's location, history, demographics, politics and personalities have sculpted a realm in which social housing – most especially council housing – has been a central feature for a century. It seems inevitable that social housing will continue to provide homes, define communities and be an arena for struggle in the borough. How it will do so is a story as yet unknown.

## **Reflective Recommendations**

In this final section I try to synthesise some of what I have learned about social housing in the UK with some of my work on housing in the US. I have not attempted to formulate a comprehensive program, nor even to address all of the current issues I have identified and discussed. Rather, I have focused on several issues around financing and ownership that seem to me to be fundamental and for which I feel I have some insights to offer. Social issues, activism and participation, as well as physical issues, are also crucial of course, but my ideas in these areas are less precisely articulated and have been expressed, at least implicitly, in the discussion of current issues.

Before getting into the specific elements, it is worth listing the recommendations all together:

### **Financing**

- **Public Capital Finance for Social Housing**
- **Public Capital Grants through a National Housing Trust Fund (NHTF)**
- **Fund NHTF primarily through Capital Market Levies**
- **Linkage Payments by Commercial Developers**
- **Equal Access to Capital Financing for Councils and RSLs**
- **Operating Subsidies for Social Housing**

### **Ownership**

- **Reform Right to Buy and Right to Acquire**
- **Provide a Level Playing Field for Deciding Stock Transfers**
- **Democratise RSL Governance**
- **Create Intermediaries to Support Small Housing Associations**
- **Restore Special Support for BME Housing Associations**
- **Support Community Land Trusts and Resident Mutual Co-operatives**

## Financing

### Housing Trust Funds and Capital Grants

As I argued in the discussion of current issues, capital financing of social housing through the use of debt, most especially private mortgage debt, is highly problematical.<sup>31</sup> I am therefore recommending for the UK, as I have long advocated for the US, that there be

- Public Capital Finance for Social Housing, not private mortgage financing
- Public Capital Financing primarily through Grants rather than public debt
- A National Housing Trust Fund to receive and allocate Public Capital Financing
- Capitalisation of the Fund through Dedicated Revenue Streams not general revenues.

Public and quasi-public trust funds have a long and honorable history in US public policy. The largest public trust fund in the world I believe, inaugurated nearly 70 years ago, is the Social Security Trust Fund (actually Funds). It pays for Old Age, Survivors, Disability and Health Insurance (OASDHI) for tens of millions of people in the US. It is funded not from general revenues and is not subject to annual appropriations. Rather, it is a true trust fund, capitalised through a dedicated revenue stream, specifically a payroll tax (known as “FICA,” for Federal Insurance Contributions Act) paid equally by employers and employees that is entirely distinct from personal income taxes and business taxes. It has an impressive record of efficiency, and despite periodic debates about its future solvency, adjustments along the way have assured its viability.

The same legislation that established the Social Security Trust Fund also created the Unemployment Insurance Trust Fund, capitalised by payments from employers. In addition, nearly 50 years ago the US created the National Highway Trust Fund, capitalised by taxes on motor fuels. The Highway Trust Fund brings us closer in concept to housing trust funds, in that it provides public capital grants for highway construction and, for close to 30 years, mass transit construction as well.

During the 1980s housing trust funds emerged as a new source of financing for low and moderate-income housing at the state and local levels in the US. There are now over 280 such funds operating in the US (Housing Trust Fund Project, 2003). Some of them are capitalised in part through appropriations from general funds. For the most part, however, they are capitalised by levies on various types of housing, real estate and financial activities. About half of the existing funds give priority to organisations and projects guaranteeing long-term affordability. There are debates about the extent to which the resources should be for capital grants rather than below-market loans. And to be sure, there are struggles about who should make the allocation decisions.

State and local housing trust funds are now an integral part of the US housing system, generating and spending over \$500 million (£300 million) a year (Housing Trust Fund Campaign, 2003). Not an insignificant amount of money, to be sure, but set into context this is sufficient for producing only about 5,000 housing units year. Only at the national level is there the potential for a housing trust fund that can generate sufficient resources to meet the capital needs for preservation, upgrading and new production of social housing. It is here that some of the most useful lessons for the UK may be found. Proposals for a National

Housing Trust Fund have been put forward for quite some time in the US (Stone, 1993, pp. 266 ff.), but in the past five years a sophisticated, full-scale campaign has been undertaken, led by the National Low Income Housing Coalition. As of early May 2003, the proposal had been endorsed by 4,140 organisations, including the US Conference of Mayors. Legislation has been filed in Congress for the past several sessions, and as of early May 2003 there were 191 members of the US Senate and House of Representatives (about a third of all members) who had signed on as co-sponsors (National Low Income Housing Coalition, 2003).

The National Housing Trust Fund Campaign describes the proposal as follows (2003):

A National Housing Trust Fund should be established to serve as a source of revenue for the production of new housing, and the preservation or rehabilitation of existing housing that is affordable for low-income people. The goal of the National Housing Trust Fund should be to produce, rehabilitate, and preserve 1,500,000 units of housing over the next 10 years.

The Trust Fund should be capitalized with ongoing, permanent, dedicated and sufficient sources of revenue to meet the goal of 1,500,000 housing units over the next decade. The initial sources should be excess FHA and Ginnie Mae [housing quangos] revenue, above what is necessary to maintain the soundness of the FHA and Ginnie Mae programs. Other sources of funding that can be dedicated to the Trust Fund should be identified and included in National Housing Trust Fund legislation. Appropriations should also be made to meet the goal.

To meet the goal of an average of 150,000 units a year would require about \$15 billion (£9 billion) a year. The excessive revenues of the two quangos identified in the proposal would not be nearly sufficient, and appropriations from general revenues are not a realistic vehicle for generating the balance. Indeed, it is the insufficiency of housing appropriations that impels the drive for a National Housing Trust Fund in the US, and the proposal for the UK.

Rather, I have proposed capitalising such a Fund for the US, and now propose for the UK, by levies on all private entities that engage in credit-market borrowing. Such a levy might be on the assets of such entities or on their financial transactions. Ten years ago my computations showed that a levy of just one-quarter of one percent on the credit-market instruments held by all private financial institutions in the US would generate over \$20 billion a year (Stone, 1993, p. 267). I estimate that at present a comparable levy would generate about \$50 billion (£30 billion) a year.

The UK economy is almost exactly one-sixth the size of the US economy,<sup>32</sup> so if the domestic financial sectors<sup>33</sup> have a comparable ratio, an equivalent levy in the UK could generate over £5 billion a year for a National Housing Trust Fund. Assuming an average cost of £60,000 per social unit, this would be sufficient for more than 80,000 units a year, which is about three times the current rate of production of new social housing in the UK. Even if not all of the resources were to go into new social housing production, combining the resources from such a National Housing Trust Fund with presumed continuation of public appropriations of about £2-3 billion a year, would make it possible to triple the rate of capital investment in social housing – without private or public borrowing.

Whilst it is true that tripling the rate of capital funding would not instantly meet all the social housing capital needs in the UK, it is just as true that administrative systems and the construction industry could not instantly make efficient and effective use of triple the funding, let alone a higher rate. One would therefore expect a “ramping up” process, in which funds would accumulate faster than they could be appropriately spent in the early years, which would then enable a higher rate of drawdown than inflow in later years if and as capacity increased.

Capital grants would of course mean reduction of the affordability burdens on those residents of social housing not receiving housing benefit and reduction of the public subsidy cost for those who do. This would have a “knock on” social benefit, in encouraging and maintaining an economic mix in social housing, since higher income residents would not be as impelled to move out. It would reduce the administrative costs and burdens of debt management and would enable social owners to place priority on their social purpose rather than debt service.

Finally, notwithstanding the points in the two preceding paragraphs, some might argue that the money in a housing trust fund might well be leveraged to borrow greater amounts for social housing, using the trust fund income stream for debt service. I have demonstrated elsewhere (Stone, 1993, pp. 220ff.) that the short-term financial advantages of borrowing are fairly quickly swamped by accumulating debt service costs.

Although there is thus little justification for *raising* funds by borrowing, some of the resources in a housing trust fund may be allocated in the form of low-interest loans rather than grants. This provides a way of replenishing some resources, creating a “revolving fund.” A somewhat different model is the use of deferred payment loans, which require no repayment as long as the housing remains in the social sector. This approach is essentially capital grant financing, but with a strong incentive for permanent protection as social housing. It is the financing mechanism used in the US Section 202 Program (Stone, Werby and Friedman, 2000, p. 17).

### **Linkage Payments by Commercial Developers**

The concept of linkage payments by private developers, discussed in the section on current issues, is a way of generating some resources for social housing that is much more modest than the National Housing Trust Fund proposal, but also more feasible politically in the short run.

A study of statutory linkage programs in seven US cities found that Boston’s linkage program has been the most effective, generating \$45 million between 1986 and 2000, resulting in creation of 5,000 additional “affordable” housing units (Avault, Lewis and Consalvo, 2000). London is about twelve times the size of Boston and has been undergoing new commercial development at rate proportionately at least as great as that of Boston. A comparable linkage program would thus have been able to generate at least £300 million (\$500 million), financing at least 60,000 below-market units.

In the UK linkage could be instituted as a policy in its own right or perhaps by reforming the

Section 106 “planning gain” requirements. As I understand it, the process requires negotiation between developers and local authorities, but without standards for determining the appropriate magnitude and uses of any contributions. Following models used in the US, Section 106 reform would entail the establishment of payment standards or formulas, with the requirement that a major part of the contributions be explicitly for social housing.

### **Equal Access to Capital Financing for Councils and RSLs**

If true public financing for social housing were re-established in the UK, most particularly through the housing trust fund model, then there would no longer be any economic arguments favoring RSLs over local authorities for regenerating existing council housing and developing new social housing. It seems to me that under such circumstances it would be appropriate to permit competitive funding proposals from RSLs and those local councils willing and able to undertake housing development. Indeed, there is no reason why joint ventures should not be possible, especially between small RSLs or co-operatives and councils, just as small RSLs partner with larger RSLs. The basis for evaluation would then properly be the quality of the proposals and the capacity to produce or improve social housing to high standards, on time and within budget.

### **Operating Subsidies for Social Housing**

The focus of the recommendations has been on capital financing, which through capital grants would significantly reduce the rental income requirements for social owners. However, it is important to note that some social owners serve a resident population whose incomes will not generate sufficient rental income to cover operating expenses. Part A of this report discussed the arguments for providing owner-based or estate-based operating subsidies rather than tenant-based housing benefits. Indeed, in the UK the financing regime in effect for housing associations from 1974 through 1989 provided Revenue Deficit Grants for those associations whose approved budgets could not be fully met out of rental income (Malpass and Murie, 1999, p. 178). Restoring such an approach would provide social owners with greater autonomy and flexibility in managing their budgets. It would be administratively simpler than having to deal with the welfare system, which is responsible for housing benefit. It might also relieve social housing tenants from the stigma of housing benefits and facilitate a continuum of housing charges based on a realistic determination of affordability.

## Ownership

### Reform Right to Buy and Right to Acquire

Speculative pressures in some parts of the UK on the remaining stock of council housing and newer RSL housing impel the need for greater reform of the Right to Buy policy of council housing and Right to Acquire policy for RSL housing. In the US most programs that enable people to purchase homes at below-market prices recognise that the public investment in providing such opportunities entails a public interest and responsibility. Thus most programs impose some resale restrictions to limit the owners' potential to reap windfall profits. In some cases these restrictions are limited to recapture of the discount if resale occurs within a period of 3-5 years, after which there are no restrictions on the initial or subsequent buyers, as is the policy in the UK. In other cases, however, and to an increasing extent, there is realisation that the financial investment in such schemes and the housing itself are precious social resources that are costly to replace or replenish if allowed to dissipate into windfall personal gain and the speculative housing market. This has led to longer term and more stringent resale restrictions, in some cases running in perpetuity.<sup>34</sup>

How might Right to Buy and Right to Acquire be reformed along these lines? Any resident of social housing who purchases their unit would *not* have the right to resell it in the private market. If and when they wish to sell, the unit would be bought back by the council or RSL at a price assuring a reasonable limited-equity return comparable, say, to what would have been realised on a high-grade capital market instrument over the same period of time. Once the council or RSL repurchases such property, what they do with it would depend upon their housing strategy and local demand. They could either retain it as a rental unit or resell it with the same resale restrictions as had applied to the preceding owner.

The challenge in such a policy is how to enforce the resale restrictions, since in a highly inflationary environment private sales would be tempting and indeed a black market might develop. Whilst no system is ever entirely fool-proof, there are two mechanisms which can be extremely effective. The first is to prohibit any freehold sales of social housing and only allow leasehold sales: the lease can prohibit private sale, meaning that no private sale could be recorded legally, and lease terms can stipulate that the social owner of the freehold will repossess the property upon discovery of any private sale. For the most part such a leasehold would be sufficient to enforce the resale restrictions. However, a further mechanism could involve linking the discharge of any mortgage lien and loan obligation to abiding by the requirement of resale to the council or RSL. Since private lenders would probably be reluctant to take on such enforcement, such a mechanism would be more difficult though not impossible to institute as a matter of public policy.

Further protections would be needed to contain another tactic that is used to get around resale restrictions, indeed being used in the UK to get around even the current short-term resale restrictions: some buyers of social units reap higher market value not by selling, but incrementally by vacating and renting out the units. The obvious control on this practice, and one that is preferable for the social stability of the community, is a requirement that any social housing tenant who buys their unit occupy it, with it reverting to the social landlord if

they do not. To be sure, this would require policing.

Taken together, the set of resale restrictions and enforcement mechanisms should not be approached as draconian, but rather as embedded within a social housing philosophy and policy that is supportive of homeownership without speculation.

### **Provide a Level Playing Field for Deciding Stock Transfers**

Just as public financing should permit competitive access to capital financing by RSLs and local authorities, so too should public financing permit decisions about stock transfer to be based properly on performance criteria. If a local authority has demonstrated an ability to deliver satisfactory services and reasonable capacity to improve the housing and services if given necessary resources, then residents presumably will vote to remain with the council and should not face pressure to do otherwise. If, on the other hand, a local authority has performed poorly, then residents should be permitted to vote for stock transfer on the basis of viable alternative proposals, rather an abstract void. Financial incentives for councils in terms of retirement of outstanding debt and for residents in terms of funding for renovation should no longer enter into the process.

### **Democratise RSL Governance**

One of the ironies of the corporate model for RSLs is that unlike public corporations they do not have shareholders who can, at least in principle, select the board of directors and challenge management practices. As major providers of social housing, it is reasonable and appropriate that RSLs have governance structures that are accountable to more than just the Housing Corporation.

I therefore recommend charter reform, which would require a form of “co-determination” in those RLSs for which the number of dwelling units or the financial size exceeds certain thresholds. Co-determination would involve several elements of representation, such as: a sizable share of board seats be filled by elected representatives of residents; non-management employees choosing some board representatives; each borough in which the RSL has more than some minimum number of units having a representative appointed by the council. Such a charter requirement would go a long way toward making RSLs more democratic and accountable.

### **Create Intermediaries to Support Small Housing Associations Restore Special Support for BME Housing Associations Support Community Land Trusts and Resident Mutual Coops**

The dominance of large RSLs and the challenges facing small housing associations, BME associations, and resident/community-owned housing raise questions about the role of these organisations in the future of social housing in the UK. In the US there are a few large non-profit housing development organisations, comparable in scale to the large RSLs in the UK; they account for no more than about 100,000 units. Rather, most non-profit housing development and ownership in the US has been by fairly small local organisations, which

account for about roughly 650,000-800,000 rental units and about 150,000-250,000 units owned by limited-equity (fully mutual) cooperative units, mutual housing associations and community land trusts (Stone, 1993, pp. 202-210; Stone, in press). Since the 1970s, about 350,000 of these units have been produced by CDCs, “community development corporations” (Stone, 1993, p. 380), so-called because they have seen their mission as more than housing even though housing has been their principal activity.

Even though small CDCs face challenges similar to those of small housing associations in the UK, their impact and survival has not simply been due to their positive social image as expressions of local initiative and self-help. They have received crucial assistance from two large, national, non-governmental, privately-funded “intermediaries”: The Enterprise Foundation and the Local Initiatives Support Corporation, both of which might be considered modern incarnations of “philanthropic housing,” although these organisations do not themselves directly develop and own housing.

The Enterprise Foundation, established in 1982 by retired shopping center magnate and developer of Columbia Maryland, James Rouse and his wife Patty, describes itself as follows (Enterprise Foundation, 2003):

The Enterprise Foundation and our 2,400 Network members work together to provide low-income people with affordable housing, safer streets and access to jobs and child care. We are nonprofit, community-based organizations, public housing authorities and Native American Tribes from around the country creating powerful partnerships to rebuild communities and empower people in neighborhoods nationwide.

Our mission is to see that all low-income people in the United States have the opportunity for fit and affordable housing and to move up and out of poverty into the mainstream of American life. In 1999, The Enterprise Foundation became the first nonprofit organization to build 100,000 homes for low-income families.

Amongst its technical assistance services, the Enterprise Foundation's has an on-line “Housing Developer Support System (HDSS), the comprehensive guide to affordable rental and homeownership housing development for nonprofit organizations.”

The Local Initiatives Support Corporation, begun in 1979 with core support from the Ford Foundation, serves primarily to channel private capital, mostly in the form of grants and equity investments into community development corporations. It describes its mission as follow (LISC, 2003):



Local Initiatives Support Corporation helps resident-led, community-based development organizations transform distressed communities and neighborhoods into healthy ones-- good places to live, business, work and raise families. By providing capital, technical expertise, training and information, LISC supports the development of local leadership and the creation of affordable housing, commercial, industrial and community facilities, businesses and jobs.

LISC provides direct technical and financial assistance to individual CDCs, and tries to create local and national environments and policies supportive of CDC activities

There are two other intermediaries in the US which focus on particular models of resident and community-controlled housing. The Neighborhood Reinvestment Corporation (NRC) is a quango created by the federal government in 1978 (in contrast with the privately-funded Enterprise Foundation and LISC), with funding through the quasi-public Home Loan Bank System, "to revitalize older urban neighborhoods by mobilizing public, private, and community resources at the neighborhood level" (Neighborhood Reinvestment Corporation, 2003).

While NRC is best known for supporting neighborhood reinvestment in areas with low-income homeowners, it has also brought to the US from Europe the concept of the non-profit, resident and community owned mutual housing association and does so by providing "matching capital grants, operating subsidies, and technical services to mutual housing associations for the development, acquisition, and rehabilitation of multifamily and single-family properties ... to ensure affordability by low- and moderate-income families" (Neighborhood Reinvestment Corporation, 2003; see Stone, 1993, pp. 202-204, and Stone, in press, for explanation of the mutual housing association model in the US).

Finally, at the most progressive end of the spectrum, without a comparable level of private or public funding as the other intermediaries, is the Institute for Community Economics (ICE), which was established in 1967 and created the community land trust concept. As it describes itself (Institute for Community Economics, 2003):

The Institute for Community Economics (ICE) is a national community development organization promoting economic justice through community land trusts (CLTs) and community investment. As the originator of the CLT model, ICE has supported the growth of CLTs across the United States and Canada. ICE is also a certified Community Development Financial Institution with a \$13 million loan fund which provides financing for CLTs and other non-profit groups. ICE has assisted hundreds of grassroots organizations to build or rehabilitate thousands of units of permanently affordable housing in both rural and urban neighborhoods throughout the country.

I have not found any non-governmental organisations in the UK that seem to have the mission and capacity of these four "intermediaries" to provide significant support and assistance to locally-based and controlled housing initiatives. The Confederation of Co-operative Housing (CCH) and the Chartered Institute of Housing (CIH) are not, in their

present form, at all equivalent as far as I can tell. It seems to me that the future of small housing associations, BME associations and resident/community housing depends upon such organisations being established in the UK. The leadership for such an endeavor will need to come from outside of government. The independent and highly respected Joseph Rowntree Foundation (JRF) is the obvious choice, and I would hope that they might be the catalyst for such a development.

## **Conclusion**

Social housing will continue to exist in the US, and even more so in the UK. But the future of social housing – its nature and extent – remains uncertain in both nations. If present trends continue, it will be further privatised and residualised and its residents stigmatised. Such a path is not inevitable, however. Politics and policy could lead otherwise. New approaches to financing, as well as reform and support for more democratic ownership and control, could restore social housing as an appealing alternative to conventional homeownership, instead of second-rate housing for second-class citizens. For those who would rather not have the financial risks, maintenance responsibilities and social separation associated with conventional ownership, social housing demonstrably can provide well-designed and well-built residential environments, secure tenure, true affordability, meaningful participation and rich community life. Responsible public policy will give people that choice.







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## Notes

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1. This model is today known as “co-housing.” See, e.g., Stone, Werby and Friedman, 2000, p. 18.
2. From 1981 to 1996 local authorities’ share of all UK housing declined from 30.4 percent to 18.8 percent, while housing associations’ share rose from 2.2 percent to 4.5 percent (Malpass and Murie, 1999, Table 5.3, p. 88).
3. In the U.S. only about a third of these were in social housing (public and non-profit housing). About a third were in privately-owned for-profit developments that received public subsidies; the balance were in the form of housing certificates and vouchers (a form of housing benefit) in existing private rental units. The UK was also shifting from almost total emphasis on housing production to tenant-based subsidies for use in private as well as social rented housing (Malpass and Murie, 1999, pp. 94-96).
4. The Bush II regime, which took control of the US Presidency at the beginning of 2001, following the controversial 2002 election, and full control of the US Congress at the end of 2002, has essentially returned to the politics of the Reagan era in relation to housing and other issues. For a discussion of US housing policy over the past decade, and progressive proposals for reform, see the volume edited by Bratt, Hartman and Stone (in press), especially the Editors’ Introduction and the chapter by Marcuse and Keating on US housing ideology including Bush II).
5. Although most of the issues are similar throughout the UK, both Scotland and Northern Ireland have considerable autonomy in housing policy, and Wales has some autonomy. It must thus be noted that the discussion of issues is based on information that always includes and is directly applicable to England, usually England and Wales, sometimes but not always Great Britain, i.e, including Scotland, but only to a limited degree the entire UK including Northern Ireland.
6. The council stock is from Table B2. The number of housing association units and their percentage of the social stock in each of the four countries of the UK are as follows:  
  
England: 1.45 m (Housing Corp. 2003), 34%  
Scotland: 150k (Communties Scotland 2002), 21%  
Wales: 65k (Bader, 2002), 25%  
Northern Ireland 23k (NIHE, 2003), 16%
7. The Housing Act of 1996 created the concept of Registered Social Landlord, which are not-for-profit corporations registered with the Housing Corporation. Most RSLs are housing

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associations, but the category also includes local housing companies set up by local councils to facilitate stock transfer, as well as some housing trusts and cooperatives (Malpass and Murie, 1999, p. 149; UK Housing Corporation, 2003). Also, some small housing associations and cooperatives are not registered with the Housing Corporation. Hence housing associations and Registered Social Landlords are nearly but not quite the same set of entities.

8. In an undated abstract for an apparently unpublished paper, Mullins and Malpass have raised some important unexamined questions about the implications of stock transfer.

Stock transfer is most frequently viewed as a giant re-mortgaging exercise designed to facilitate higher levels of investment in the housing stock through greater use of private finance. It has also had significant impacts on tenants' rights and service delivery. These issues have not been addressed in the existing literature on stock transfer which has tended to focus on financial issues and evaluation of service change. However, stock transfer also has significant implications for the governance, accountability and control of social housing. These implications, which have been less well explored in the literature, are the focus of this paper.

9. Ironically in view of current debates in the UK, part of the rationale for restricting what is counted as *public* borrowing, but not total borrowing, is associated with the requirements for joining the common European currency.

10. In the US public housing has never depended on private borrowing, while private below-market housing for the most part has been financed with subsidised private loans and tax incentives for private equity investment. Until 1987 public housing was financed by local authority borrowing, which was fully repaid with interest over time by annual contributions from the federal government. In recognition of the interest costs and the administrative costs of debt service, in 1987 the US government paid in full all outstanding debt on federally-supported public housing – with no conditions, such as stock transfer, on local authorities. Since then, the very limited amount of new public housing that has been developed has been financed with 100 percent capital grants. Similarly, since 1990 the Section 202 program, which involves non-profit organisations essentially identical to UK housing associations, had its financing changed from below-market direct federal loans to 100 capital advances. And, whilst these two are the first shift from debt to capital grant financing, a number of other US housing programs have also provided public capital grants for housing development (Stone, 1993, pp. 258-261).

Public capital grants avoid the problems with both public borrowing and private borrowing. To be sure, in any year a given level of housing capital investment will cost the Treasury more for public grants than for debt service on the same amount of borrowed funds.

However, it is not hard to demonstrate that in a relatively short period of time, the annual

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debt service costs of cumulative year-after-year borrowing will exceed the annual costs of capital grants (Stone, 1993, pp. 218-224).

11. For discussion and citations, see the index page references in Stone (1993) under “political action around housing,” “rent strikes” and “tenant organizing.”

12. Interestingly, the city of Boston (as distinguished from the metropolitan area) is quite similar to Lewisham in shape, topography and urban-to-suburban densities. Boston is also somewhat similar to Lewisham socially, with a comparable proportion of the population non-white, and a substantial amount of social housing. The city of Boston is, however, somewhat larger in area (42 square miles) and has a little more than twice the population of Lewisham (575,000). Boston also has much more river frontage, equivalent to including Bermondsey, Rotherhithe and parts of the Greenwich riverfront, as well several miles of frontage facing eastward onto Massachusetts Bay, equivalent in length and orientation to most of the border between Lewisham and Greenwich.

13. According to *Wikipedia* (2003), “The London Borough of Lewisham is a London borough in southeast London. It includes the areas: Bell Green, Bellingham, Blackheath, Brockley, Catford, Deptford, Downham, Forest Hill, Grove Park, Hither Green, Honor Oak, Honor Oak Park, Ladywell, Lee, Lewisham, Lower Sydenham, New Cross, New Cross Gate, St John's, Southend, Sydenham, Upper Sydenham.”

The above areas are, for the most part familiar and readily identifiable to most people who live or work in the borough (apart perhaps from ambiguity about whether there is a Sydenham distinct from Lower Sydenham and Upper Sydenham). However, for housing management purposes, the borough council has organised the borough into 16 named Local Areas that are grouped into 7 Housing Areas, as shown on the “Housing Management Areas” map and listed as follows:

Deptford Housing Area: Pepys, Evelyn, Woodpecker, Griffin

Northwest Lewisham Housing Area: Kender, Honor Oak, Brockley

Central Lewisham Housing Area: Lee Green, Rushey Green

Forest Hill Housing Area: Forest Hill

Sydenham Housing Area: Sydenham

South Lewisham Housing Area: Home Park, Bellingham, Bankfoot, John Henry

Grove Park Housing Area: Grove Park

14. Old wards: Evelyn, Marlowe, Grinling Gibbons, Pepys, Drake, Ladywell, Crofton Park, Blythe Hill, Perry Hill, Forest Hill, Horniman, Sydenham West, Sydenham East, Bellingham, Downham, Grove Park, Churchdown, Whitefoot, St. Mildred, St. Andrew, Catford, Rushey Green, Hither Green, Manor Lee, St. Margaret, Blackheath.

New wards: Evelyn, New Cross, Telegraph Hill, Brockley, Ladywell, Crofton Park, Forest

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Hill, Perry Vale, Sydenham, Bellingham, Downham, Whitefoot, Grove Park, Catford South, Rushey Green, Lewisham Central, Lee Green, Blackheath

<sup>15</sup> Data from the 2001 decennial Census are compiled for the older set of wards. This paper has therefore been limited to borough-wide 2001 data. Demographic data in the following four sub-sections are from the 2001 Census, except where another source is cited.

16. The recently updated data on the borough's website (Lewisham, 2003a) gives somewhat different percentages, but they are somewhat problematical in that they do not add to 100%, the discrepancy most likely being understatement of the percentage of private rental units.

17. The difference between the number of households from the Census and the number of housing units from the Council is vacant units. Similarly, the difference between the Census owner-occupier households and the Council's figure on units for owner occupation.

18. More recent data (Lewisham, 2003a) reports a total Council stock of 36,461 units, a further reduction of 158 units. Far more significantly, though, the tenanted stock was down to 29,895, a further reduction of 1,483, in part as more units were purchased under "right to buy" leasehold terms, but more through redevelopment.

19. The largest RSLs in Lewisham, with the number of units they manage, are as follows (UK Housing Corporation, 2003):

Beaver Housing Society Limited (912)  
Family Housing Association (612)  
Hexagon Housing Association Limited (990)  
Horizon Housing Group Limited (803)  
Hyde Housing Association Limited (2,055)  
London & Quadrant Housing Trust (1,273)

20. There is some inconsistency in the sources about the size of the population of Downham, as well as the number of units. The LCC source cited gave the number as 6,054, but this apparently did not include units for superintendents and some on-site professionals. Whilst Black's detailed narrative is consistent with this, reporting 6,071 units, his introductory discussion of the policy context reports that Downham had "7,000 dwellings housing a population of 29,000" (p. 20). Coulter (1984, p.94) reports that the LCC "built seven thousand houses at Downham and added forty thousand to Lewisham's population...." Perhaps the discrepancy is explained by the late 1930s addition of 1,038 units to Downham at Whitefoot Lane (LCC, 1937, Appendix II, p. 258).

21. Quoting an unidentifiable source, Black (1981, pp. 29-30) states that LCC policy was to allocate the new housing preferentially to families from Deptford and Bermondsey until 700 houses were occupied by residents from each borough. This would suggest that at least 1,400

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out of the combined 8,000 plus units on the two estates were occupied by such residents, but provides no indication whether the number was higher. Coulter (1984, p. 24) has gone much further, but without documentation, in declaring that “The majority of these new residents were from Deptford, Bermondsey and other inner suburbs.”

22. I have not been able to find any information about the timing and size of the Brockley estate. It was not mentioned in the 1937 LCC and Deptford reports. Development must have been after 1936, because LCC (1937, p. 187) gives the Deptford council total as of 30 Sept. 1936 of 246, which was the number in the Revelon Rd. and Arica Rd. estates.

23. The sixth edition of borough’s *Official Guide* reported in 1937 that: “The borough is notably progressive in the matter of Housing. During recent years the Council has provided 558 houses and 211 flats....” Of these, 119 flats were provided under the “Converted Properties Scheme,” 86 houses were built at the Lewisham Park Estate, and 60 flats in five blocks were built in Winchfield Road, all in central parts of the borough. By far the largest undertaking covered by this report, though, was the 504-unit Grove Park Estate, in the southeastern corner of the borough not too far from Downham (Lewisham, c.1937, p. 35). Note that Grove Park was actually begun in 1926 and completed in 1929 (Lewisham, c. 1937, p. 68), as mentioned in the preceding section. That is, unpacking the borough council’s 1937 report reveals that from 1930-37 the borough itself provided a little less than 300 additional units of social housing. By 1939, the Lewisham council owned a total of 769 houses and flats (Lewisham, c. 1948, p. 67).

24. Although Byrne asserts that the borough council built about 4,000 units during this period, the borough’s own *Official Guide* of 1961 reported (p. 59) that at that point in time “the Council had built 3,698 post-war houses and flats, 239 were under construction, and plans for a further 936 had been approved,” so the figure of 5,000 seems to be more plausible.

25. Although the grounds are quite well maintained and have relatively little litter, the design flaws and subsequent structural deterioration are apparent. Also, on one visit I noticed a smashed and stripped car in a fairly prominent place. I spoke with a young mother who has lived there for eight years. She said that it is a dreary place inside, and that when she tried to purchase her unit under “right to buy,” as a step toward getting out, the mortgage company refused to finance it, claiming it has essentially no market value to secure the mortgage.

26. Lewisham borough’s *Official Guides*, published every few years throughout this period (1948, 1951, 1954, 1958, 1961) documented the progress of the council’s housing activities, with descriptions and photos of selected projects, as well as full lists of schemes completed and underway and descriptions of major LCC undertakings. The 1966 edition, called *The New Lewisham*, touted the virtues of borough consolidation, but gave little attention to housing, other than a photo of the Lewisham Park Housing Scheme, 3 rather attractive 18-storey towers on the High Street in Ladywell across from Lewisham Hospital (Leff and Blunden, 1966, p. 25).

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27. Note that the Department of the Environment report weakly masks the identities of the two estates studies: the “Oak” estate is actually Honor Oak, whilst “Crossways” is actually Crossfield.

28. I have been told off the record by council professional that this figure is a substantial overstatement; the actual figure is probably between £50m and £100m.

29. Using the UK index of multiple deprivation, “four Lewisham wards appear in the top 10% of most deprived wards in England” (Lewisham, 2002e, p5). Two of these are in the north of the borough, the other two are Bellingham and Downham.

30. According to tenants activists, the final vote was about 60% opposed to the stock transfer plan (Kysow, 2003; Mucklow, 2003). According to the Lewisham Director of Regeneration it was about 52% opposed (Hayes, 2003). I have not been able to find the actual tally.

31. Indeed much of my work on housing in the US has been on the housing finance system as a whole, not just subsidised housing finance. In that work I have demonstrated the negative implications of the credit system for housing affordability and for the stability of the macro economy (Stone, 1993, Part II).

32. In 2002, the UK gross domestic product was £1.04 trillion (UK National Statistics: National Accounts), which is about \$1.7 trillion. In 2002, the US gross domestic product was about \$10.45 trillion (US Bureau of Economic Analysis).

33. It is important to focus on *domestic* financial sectors because the enormous role of US and UK financial institutions in global finance makes it economically and politically inappropriate to seek to tap the international components for domestic purposes.

34. In Massachusetts, for example, the same statute which provides the authority to impose permanent restrictions for conservation and agricultural use also permits imposition of an “affordable housing restriction,” defined as follows (Mass. General Laws, Chapter 184, Section 31): “a right, either in perpetuity or for a specified number of years, ... (a) limiting the use of all or part of the land to occupancy by persons, or families of low or moderate income in either rental housing or other housing or (b) restricting the resale price of all or part of the property in order to ensure its affordability by future low and moderate income purchasers or (c) in any way limiting or restricting the use or enjoyment of all or any portion of the land for the purpose of encouraging or assuring creation or retention of rental and other housing for occupancy by low income persons and families.” For a broader discussion, see Davis (in press).