

The Housing Crisis

Perhaps the greatest single social problem in Britain today is the crisis in housing. Thousands of people are literally homeless, tens of thousands live in temporary and substandard accommodation, and millions are forced to remain in homes which they would like to leave.

Housing is now a big political issue. Every political party has its position, and these positions are often revised under pressure from a hundred and one ginger groups.

The housing crisis is a mystery to most people. It is commonly regarded as some sort of blight that afflicts societies from time to time. But it is nothing of the sort. The present housing crisis is due solely to government action, and only with the complete withdrawal of government from the housing market will the crisis end.

The government has distorted the housing market in several ways. Rent legislation, which reduces landlords' income and effectively gives the tenant a property right in his landlord's property, has financially ruined most private landlords, and has discouraged further investment in the building of homes for rent. In London and other great cities, privately rented accommodation is almost impossible to find. Prior to the passage of the first Rent Act in 1915, 90% of the population lived in privately rented homes. Today, because of rent legislation, that option is no longer available. The homeless must look elsewhere for shelter.

Whilst we strongly oppose state interference in the lives of our fellow citizens; and while we recognise that in the provision of Council Housing the state is a notorious slum landlord, we must say that we can see no sense in the present government's policy of dismantling the state sector of housing while doing nothing to remove the impediments on the private landlord. Council house sales and reduced government expenditure, all other things remaining equal, will only exacerbate the housing crisis.

With no privately rented accommodation available, and less and less Council housing, the only alternative to homelessness for many people is owner-occupation. But here again the state interferes. Mortgage Interest Tax Relief, by making home loans cheaper, pushes up house prices. Planning restrictions within cities, and Green Belt policies around them dramatically reduce house building programmes, thereby forcing up the prices of existing homes. These policies only serve to enrich existing homeowners while forcing thousands of our fellow countrymen onto the streets.

The Rent Acts destroyed the private sector, Council house sales and reduced government expenditure is destroying the state sector, and government planning and tax policies push house prices up beyond the reach of many people. Is it any wonder that we have a housing crisis?

Is there any hope for the future? Of the main political parties only the Conservatives promise a new drive to combat homelessness. Mr John Patten, Minister for Housing, has said that he wants to revive the private landlord and to give people a "right to rent", whatever that means. But his proposals are so feeble that, at best, they'll have only a marginal effect on the crisis.

The future of homelessness

Mr Patten's proposals can be simply stated: leave everything as it is. Mr Patten rests his hopes on an obscure clause in the 1980 Housing Act. This clause allows for something called "Assured Tenancies". Under Assured Tenancies, landlords who build new homes can let them at market rents, but their tenants will still enjoy security of tenure. It is difficult to imagine that many landlords will risk their capital on such a scheme, especially given that any future Labour government, the unashamed enemy of the private landlord, would almost certainly change the law and force rents down. The Assured Tenancy scheme is not worth the attention it's receiving.

1987 has been designated the International Year of Shelter for Homeless People. But

The Libertarian Alliance is an independent, non-party group, with a shared desire to work for a free society.

this noble aim is doomed to failure unless its supporters recognise that homelessness is the result of too much government intervention and not too little. Only when housing has been de-politicised will the crisis end.

With the complete repeal of the Rent Acts millions of home-owners would open their doors to lodgers, and builders would start to build thousands of new homes, not for sale but for rent. Within a year finding a home to rent would be no more difficult than finding a hotel room. But this would still not be enough. The removal of planning restrictions and Green Belt policies, which have strangled cheap housing developments, would cause house prices to fall. So, those who didn't wish to rent could then afford to buy.

Of course there are many vested interests who will resist such changes. Tenants will campaign long and hard to retain the windfall the Rent Acts have brought them, and existing homeowners will fight to keep planning restrictions because these policies artificially force up the value of their homes. But we can have gradual reforms. The phasing out of Mortgage Interest Tax Relief - to be replaced by an across the board tax cut - could be achieved without too much trouble, whilst planning restriction could be "relaxed" if not repealed. But with Rent control, total repeal is the only answer. Landlords must be given a clear and unambiguous message that rent control is over and done with, or else they will not respond by opening up their homes and investing in new ones.

Free Life