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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** BLACKWELL, MORTON: FILES

**Withdrawer**

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**FOIA**

F06-0055/07

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POTTER, CLAIRE

13

DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1	MEMO	MORTON BLACKWELL TO FAITH WHITTLESEY RE. PRIVITIZING PUBLIC HOUSING [PARTIAL, PG. 1]	1	6/9/1983	B6

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
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- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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RE. PRIVITIZING PUBLIC HOUSING [PARTIAL,  
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H.U.D.

THE WHITE HOUSE

WASHINGTON  
June 9, 1983

MEMORANDUM TO: FAITH RYAN WHITTLESEY  
THROUGH: Jonathan Vipond  
FROM: Morton C. Blackwell  
SUBJECT: Privatizing Public Housing

About a year ago I went to Britain and took the opportunity to visit the gallery of the House of Commons. They were having a fascinating discussion of Mrs. Thatcher's program which gives occupants of "council houses" (public housing) the right to purchase their dwellings at a reduced rate from the government.

It was clear from the debate the Labourites hated the privatization of public housing for ideological reasons. The Conservatives were delighted and relished the socialist complaints against this very popular program.

I came home and gave materials on this topic to my friend, Baker Smith, Assistant to the Secretary for Labor Relations at H.U.D., asking him to suggest that the proper people at H.U.D. look into our adopting a similar program. Nothing came of this idea at H.U.D., although Baker Smith sent the attached memorandum to Phil Abrams. The idea was frowned on by Assistant Secretary for Policy Development and Research Steve Savas and Savas' assistant, Peter Tropp.

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I strongly urge that we pick up this dropped ball, develop a plan tailored to the United States and get the President promptly to propose such a program.

Implementation could be either from H.U.D. or by our Office of Policy Development, which probably would be supportive of this idea. Perhaps you might contact Ed Harper on this.

FOIA(b)(6)

This week, both D.C. papers have carried stories which mention the spectacular political success of the Thatcher public housing privatization. Attached is a copy of the Post's story. Mrs. Thatcher's current 1983 general election Conservative Party Manifesto proudly states that now more than 500,000 British public housing residences have been purchased by their occupants. (Relevant Manifesto section is attached.)

Among the obvious political benefits are these:

- People buying their dwellings will certainly take better care than would renters.
- Purchasers will have an incentive to apply social pressure on their neighbors to take better care of their own apartments.
- There will be some net income to the government from the reduced-price sales.
- Homeowners will develop a more wholesome view of the political process. They will tend to question "something for nothing" schemes by radical politicians.
- The main opposition should come from people who oppose private home ownership, not a big or vocal group.

If I were a Democratic presidential aspirant, I would not like to argue against a Reagan proposal to give public housing occupants the right to purchase their dwellings at reduced prices and favorable terms.

MCB:jet

Attachments a/s

## 4. RESPONSIBILITY AND THE FAMILY

Freedom and responsibility go together. The Conservative Party believes in encouraging people to take responsibility for their own decisions. We shall continue to return more choice to individuals and their families. That is the way to increase personal freedom. It is also the way to improve standards in the state services.

Conservatives believe equally strongly in the duty of Government to help those who are least able to help themselves. We have more than carried out our pledges to protect pensioners against price rises and to maintain standards in the National Health Service. This rebuts the totally unfounded charge that we want to 'dismantle the Welfare State'. We are determined that our public services should provide the best possible value both for people they seek to help and for the taxpayer who pays the bill.

A free and independent society is one in which the ownership of property is spread as widely as possible. A business which is partly or wholly owned by its workers will have more pride in performance. Already firms like the National Freight Company, where managers and workers joined together to take over the business, are thriving.

Under this Government, the property-owning democracy is growing fast. And the basic foundation of it is the family home.

### Housing: towards a home-owning democracy

We have given every council and New Town tenant the legal right to buy his or her own home. Many Housing Association tenants have been granted the same right, too. This is the biggest single step towards a home-owning democracy ever taken. It is also the largest transfer of property from the State to the individual. No less than half a million council houses and flats were sold in the last Parliament to the people who live in them. By our encouragement of private housebuilding and our new

range of schemes to help first-time buyers, there are a million more owner-occupiers today than four years ago.

The Labour Party has met these proposals with vicious and prolonged resistance and is still fighting a rearguard action against wider home ownership. A Labour government would take away the tenant's right to buy his council house, would prevent councils selling even voluntarily at a discount, and would force any former tenant who wanted to sell his house to sell it back to the council.

In the next Parliament, we will give many thousand more families the chance to buy their homes. For public sector tenants, the present 'Right to Buy' scheme will be improved and extended to include the right to buy houses on leasehold land and the right to buy on a shared ownership basis. The maximum discount will be increased by one per cent a year for those who have been tenants for between twenty and thirty years, taking the maximum discount to 60 per cent. We shall also help first-time buyers who are not council tenants through our various low-cost home-ownership schemes: 'home-steading', building for sale, improvement for sale, and shared ownership.

Britain needs more homes to rent, too, in the private sector as well as the public sector. For years, the blind prejudice of the Labour Party has cast a political blight on privately rented housing. But our assured tenancy scheme has encouraged builders to start building new homes to rent again, and our shorthold scheme is helping the private sector to meet the needs of those who want short-term rented accommodation.

We shall extend our Tenants' Charter to enable council tenants to get necessary repairs done themselves and be reimbursed by their councils. Housing Improvement Grants have been increased substantially in the last two years and will continue to play an important role.

We shall conduct early public consultation on proposals which would enable the building societies to play a fuller part in supporting the provision of new housing and would bring up to date the laws which govern them.

Our goal is to make Britain the best housed nation in Europe.

# Memorandum

U.S. DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT

TO: Philip Abrams, General Deputy  
Assistant Secretary, HD

DATE: AUG 6 1982

IN REPLY REFER TO:

*Copy to Anne  
Fairbanks ORD.*

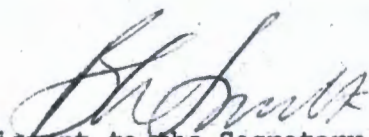
FROM: B. A. Smith, Office of Labor Relations, SL

SUBJECT: Homesteading -- The British Plan

With respect to HUD's recent promises to provide more homesteading for needy families, I received a call from Morton Blackwell at the White House regarding Britain's initiatives in this area.

Britain's Housing Act of 1980 created the "Tenant's Charter." This charter gave public-sector tenants various statutory rights including the right to buy the freehold of their apartment at a discount on the market price of from 33 to 50 percent off. Huge numbers of tenants have exercised this option. Additional provisions are listed on page 4 of the attached Fact Sheet on Britain's Housing.

Could we include a similar bill with our legislative initiatives package?

  
Assistant to the Secretary  
for Labor Relations

Attachment



# Fact sheet on Britain

## Housing

A substantial improvement in housing conditions in Britain has been achieved during the last 35 years. Much of the run-down inner-city housing built during the nineteenth century has been replaced, other substandard property has been renovated and many large houses have been converted into units more suitable for the smaller families of today. Some 9 million new dwellings have been built in Britain since 1945, representing more than two-fifths of the total housing stock. There is now a reasonable balance between supply and demand in the country as a whole, although localised problems remain, especially in London, Glasgow, Belfast and certain other large cities. The growing number of small households, consisting of only one or two people, has also resulted in a surplus of large homes and a shortage of small ones.

There are more than 21 million homes in Britain, of which about three-quarters are houses and the rest flats. Almost all houses have their own gardens. Over half of all homes are owned or being bought by their occupiers and more than a third are rented from public housing authorities; most of the others are rented from private landlords. There are variations in the pattern of tenure in different parts of the country. In Scotland, for example, homes rented from public authorities predominate, and in Britain as a whole privately rented property tends to be concentrated in older inner-city areas. About 93 per cent of households in England, Scotland and Wales have exclusive use of a bath or shower, and 97 per cent sole use of a lavatory.

## Policy

In the public sector the main emphasis in housing policy from the 1940s to the 1970s was on new building. Now, however, the emphasis has shifted to modernisation, improvement and making better use of the existing stock; the need for labour mobility and the concentration of limited resources in the areas of greatest need are further considerations. Public expenditure provision in Britain for housing stood at £4,900 million in 1980-81, but the figure is likely to decline in subsequent years in line with government expenditure plans. In the private sector encouragement of home ownership and a revival of the rented sector are central policy aims. The Housing Act 1980, together with the Tenants' Rights, Etc (Scotland) Act 1980, reflect this in establishing the right for the majority of tenants of publicly owned dwellings to buy them, and providing new systems of 'shorthold' and 'assured' tenancies (see p 4) in the private sector, a more effective improvement

and repair grant system and a more flexible subsidy system.

## Administration

The Secretary of State for the Environment is responsible for formulating housing policy and for supervising the housing programme in England and, with the Secretary of State for Wales, in Wales; the Secretaries of State for Scotland and Northern Ireland have similar responsibilities in their own parts of Britain.

Most public housing in England, Scotland and Wales is provided by 459 local authorities. These are: the district councils in England and Wales (outside London); the Greater London Council, the London borough councils and the Common Council of the City of London; and the district and islands authorities in Scotland. In Northern Ireland public housing is the responsibility of the Northern Ireland Housing Executive. Other public housing authorities are the new town authorities and the Scottish Special Housing Association (SSHA), which was established in 1937 to supplement building by local authorities in Scotland. Local authorities are also responsible for carrying out slum clearance and redevelopment programmes.

Central government departments specify certain standards for the construction and equipment of new dwellings; these standards are enforced by local authorities. The location of all housing, its design and relation to the environment are subject to approval by local authorities under the planning laws, but there are rights of appeal to the Secretary of State against local planning decisions.<sup>1</sup> Other aspects of housing which involve the local authorities include the payment of home improvement grants and of rent and rate rebates to those in need; the granting of mortgages for people to buy their homes; and the provision of assistance to people who are homeless or threatened with homelessness. Local authorities also have the power to give financial and other help to voluntary organisations concerned with homelessness. Many authorities have established housing advisory centres to provide the public with information on most aspects of housing.

## Home Ownership

The number of people owning or buying their own homes has more than doubled in the last 20 years

<sup>1</sup>For further details on planning see COI fact sheet *Planning and the Environment*, No 87/FSB/81.





**Craigavon New Town, Northern Ireland, built to rehouse people from Belfast.**

**A modern estate of owner-occupied houses in Dartford, Kent.**



**Aberdeen Park, north London. On the left are modernised nineteenth-century houses converted into flats. In the background new housing has been constructed in the gardens of the old houses.**

*(Photo: Martin Charles)*



**Glenrothes New Town, Scotland, showing two-storey high-density housing with gardens.**

and now amounts to over 11 million. In the year to June 1980 some 75,000 publicly owned homes (often referred to as 'council' homes) were sold to private individuals, and the number of owner-occupied dwellings from this source is likely to be increased further by the Housing Act 1980 and the Tenants' Rights Etc (Scotland) Act 1980 (see p 4). Many houses which were previously rented from private landlords have also been sold for owner occupation. Houses sold on the open market are generally sold through estate agents or advertisements in newspapers.

Local authorities have been asked to encourage low-cost home ownership in their areas by selling land which they own to builders for homes for first-time buyers, or building plots to individuals or groups formed to build their own homes; by building 'first-time' homes in partnership with private builders on local authority land, which is retained by the authority until the houses are sold; by improving homes for sale; by selling unimproved properties for improvement by the purchaser ('homesteading'); by offering shared ownership (part owning, part renting) to bring home ownership within reach of those on low incomes; and by using local authority guarantee powers to facilitate lending by building societies to borrowers.

#### *Mortgage Loans*

Most people buy their homes by a system of instalment purchase through loans from such sources as building societies, insurance companies, industrial and provident societies, local authorities and banks. Some companies also make loans for house purchase to their own employees.

Building societies are the most important of these agencies, their share of the market being about 80 per cent. They do not build houses themselves but lend money upon security by way of a mortgage on the home bought for owner occupation. They usually advance up to 80 per cent of their valuation of a house provided it does not exceed a certain multiple (generally about 2½) of the borrower's income. Mortgages of up to 100 per cent can, however, be obtained in some circumstances. Loans are normally repayable over periods of 20 or 25 years (up to 30 or 35 years in certain circumstances) by equal monthly instalments to cover capital and interest (which varies roughly in line with general interest rates). The average price in Britain of all houses bought with a building society mortgage at the end of 1980 was about £24,700 (average earnings in 1980 were some £5,600) and the average mortgage advance was about £14,700, or nearly 60 per cent of the purchase price. Banks have recently offered increasing competition to the building societies as a source of mortgage finance, although their share of the market is still small.

#### *Financial Assistance*

Owner-occupiers are entitled to tax relief on their mortgage interest payments arising on up to £25,000 of their mortgages (on their main home only), and in 1979-80 this totalled about £1,450 million. An alternative form of assistance is the option mortgage scheme, designed to help those with smaller incomes who pay little or no tax and therefore do not benefit from tax relief. It allows the borrower to receive, instead of tax relief, a subsidy which has the effect of reducing the rate of interest on the loan. In England, Scotland and

Wales assistance under this scheme totalled £190 million in 1979-80. There is an associated guarantee scheme under which mortgage loans of up to 100 per cent of the valuation of a house (not exceeding £14,000) may be made to option borrowers.

Other ways of helping people with lower incomes to become owner-occupiers include schemes operated by a number of local authorities which allow those buying homes for the first time, subject to certain conditions, to defer part of the mortgage payments that would normally be due in the early years until later in the mortgage term; and shared ownership schemes, under which the occupant purchases a part share of the home, paying rent on the remaining share. A new homeloan scheme came into operation in 1980 under which first-time home buyers who have saved for two years and are buying a home in the lower price-range may qualify for a loan of £600, interest-free for up to five years, and a tax-free cash bonus of up to £110.

#### *Building Standards*

For building in the private sector the National House Building Council sets standards and enforces them by inspection and certification. Almost all new private houses are covered by the Council's insurance scheme, which provides ten-year protection against major structural defects. Two-year protection is also given against faulty workmanship. Most lenders will not grant mortgages on a new house unless it is covered by a Council certificate.

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## Public Sector Housing

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Public housing authorities own nearly 7 million houses and flats. The number of homes owned by each authority varies widely, several of the larger authorities having a stock of well over 100,000.

#### *Finance*

Local authorities meet the capital costs of new house construction and of modernisation of their existing stock primarily by raising loans on the open market or by borrowing from the Public Works Loan Board. Current expenditure, principally loan charges, is met mainly from rents, rates (a form of local property tax) and subsidies from the Government. Local authorities are required to charge their tenants reasonable rents, keeping a balance between the interests of tenants and rate-payers. Subsidies for public housing in England, Scotland and Wales during 1979-80 totalled some £2,500 million, including rent rebates payable to poorer tenants to help them with rents of accommodation suitable to their needs. Supplementary subsidies assist local authorities with slum clearance.

Since 1978-79, when a system of local housing strategies and investment programmes was introduced, local authorities in England and Wales have been able, in consultation with other bodies concerned, to plan their housing investment in the light of a comprehensive assessment of local housing needs.

#### *Construction and Design*

Most building is undertaken by private firms under contract, although a number of authorities employ

their own ('direct') labour to build houses. Some authorities work in consortia to make the best use of experience and technical information, and to initiate research and development projects. In 1978, 98 per cent of new houses built for local authorities in England and Wales had central heating, while the average floor area of houses to accommodate five people was 89 square metres (958 square feet).

With the limited resources at present available for public housing, increasing importance is being placed on the housing of those in greatest need such as the physically handicapped, one-parent families, people who have suffered from mental illness and victims of domestic violence. 'Sheltered' accommodation, with an alarm system and a resident warden, is provided for many elderly people who might otherwise lose their independence.

#### *The Tenants' Charter*

The Housing Act 1980 establishes a charter for public-sector tenants, giving them statutory rights such as security of tenure, provision for one succession to the tenancy by a resident relative on the death of the tenant, rights to sublet and take in lodgers, to improve the home and to be consulted about matters affecting the home or the tenancy. With certain exceptions, public sector tenants of at least three years' standing can buy the freehold of their house, or a long lease of their flat, at a discount on the market price of from 33 to 50 per cent, depending on the length of their occupation. The discount must be repaid in part or in full if the property is resold within five years. Tenants also have the right to be given a mortgage by the local authority to make the purchase. Similar provisions for Scotland are contained in the Tenants' Rights Etc (Scotland) Act 1980, and are expected to come into operation in Northern Ireland by the end of 1981.

### **Privately Rented Housing**

During the last 30 years there has been a steady decline in the number of rented dwellings available from private landlords (including accommodation tied to a particular job) from more than 50 per cent of the housing stock to about 12 per cent (just over 2 million). Major factors in this decline have been the increased demand for owner-occupation, the greater availability of public rented housing and the operation of statutory rent restriction under successive Rent Acts. Privately rented homes form a high proportion of the older housing and are mostly found in inner-city areas. Most private landlords are individuals with limited holdings, although some rented housing is provided by larger property owners, including property companies.

With some exceptions, privately rented homes are subject to rent restriction, which can take two forms. In a regulated tenancy a 'fair rent' is fixed by independent rent officers, at the request of the landlord, the tenant, or both; if the rent officer's decision is objected to by the landlord or the tenant it is referred to a rent assessment committee. Once fixed, the rent is registered and not normally reviewed for at least two years. The other form of rent restriction applies to tenants with resident landlords and tenants of a few other types of

furnished accommodation who may refer their tenancy agreements to a rent tribunal for determination of a reasonable rent.

Tenants, apart from those in 'shorthold' and 'assured' tenancies (see below), have a wide degree of security of tenure, and cannot be evicted without a court order. It is a criminal offence for a landlord to harass a tenant. Rent tribunals can grant tenants covered by their jurisdiction security of tenure for a period of up to six months, which may be extended.

Two measures in the Housing Act 1980 are designed to halt the decline in privately rented housing in England and Wales. 'Shorthold' tenancies enable landlords to let accommodation at fair rents for fixed terms of between one and five years, at the end of which they have the right to regain possession. 'Assured' tenancies allow bodies approved by the Secretary of State for the Environment to let property at freely negotiated rents outside the provisions of the Rent Acts, provided that building began after 8 August 1980 and that the property has not previously been occupied residentially under any other form of tenancy. A system of 'short' tenancies, similar to shortholds, has also been introduced in Scotland in the Tenants' Rights Etc (Scotland) Act 1980.

### **Housing Associations**

Housing associations extend the choice of housing by providing accommodation available for rent through new building or the rehabilitation of older property, as well as extending the forms of home-ownership. The associations normally cater for people who would otherwise look to a local authority for a home. In addition to normal family housing, they provide particularly for the special needs of elderly, disabled and single people.

The associations, which are non-profit-making, have grown under government encouragement and now own some 340,000 homes. Individual associations range in size from the very small, owning almshouses which may house less than 10 old people, to associations with more than 10,000 homes. Rented housing schemes carried out by associations qualify for a government grant but only if the association is registered with the Housing Corporation, a statutory body set up by the Government in 1964 to encourage housing associations by providing them with finance and advice, and to supervise and control them. Some 3,000 associations are registered with the Corporation. Rented homes owned by housing associations come within the fair rent and rent allowance arrangements and some housing association tenants have rights under the tenants' charter in the Housing Act 1980 and similar legislation in Scotland (although there only with the association's agreement), including the right to buy.

Housing associations are involved in various alternative forms of tenure intended to give occupiers a greater stake in the ownership or management of their homes. These include shared ownership and co-ownership.

### **Improving Older Homes**

Modernisation and conversion of sub-standard housing, with the help of grants from public funds,

has increasingly been encouraged as an alternative to clearing and rebuilding to help preserve established communities and make more economic use of resources.

Home improvement grants for over 1.4 million homes were paid to householders in England, Scotland and Wales between 1967 and 1979. A further 1.2 million public sector homes were also improved in the period. There are four types of grant: improvement grants, including grants for conversion into flats; intermediate grants, for the provision of standard amenities, such as a bath and an inside lavatory, and associated repairs; repair grants; and special grants (which are not available in Scotland) for providing standard amenities, repairs and means of escape from fire in houses in multiple occupation.

Declaring 'general improvement areas' and 'housing action areas' enables local authorities in England and Wales to tackle the improvement of whole areas of older housing systematically. General improvement areas (of which there are about 1,300) consist of fundamentally sound houses and a stable population. Housing action areas (of which there are some 400) are characterised by relatively poor housing and bad physical conditions combined with social stress. Local authorities have special powers to bring about an improvement in the living conditions of residents within a five-year period. In both types of area government financial aid for environmental improvement such as tree-planting and pedestrianisation is available to local authorities. Grants to householders may range up to 75 per cent of the eligible expense limit and, in certain cases of financial hardship, to 90 per cent.

The Government has also introduced an 'improvement-for-sale' scheme, under which it helps to meet losses which local authorities or housing associations make in buying, improving and selling rundown or neglected housing.

In Scotland the term 'general improvement area' is not used, but housing action area powers are available for areas in which at least half the houses fail to meet prescribed standards; there is no time limit on the period within which improvement must be carried out. Outside housing action areas in Scotland local authorities have power to order the improvement of houses which are substandard or lack a bathroom, by improvement orders and grants payable at 75 per cent of eligible costs.

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### Slum Clearance

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In urban areas slum clearance and redevelopment have been major features of housing policy. Since the mid-1950s about 3.5 million people in England and Wales have been rehoused as a result of slum clearance programmes. Clearance of large areas of irredeemable slums is now almost at an end and greater emphasis is placed on renewal and modernisation wherever possible.

Housing authorities are obliged to see that other accommodation exists, or can be provided by them, for people displaced by slum clearance. Owners of property compulsorily acquired during slum clearance programmes receive as compensation either the full market value or, if the property consists of unfit houses, a sum based on the value of the cleared site; additional payments are,

however, made to most owner-occupiers of unfit houses to bring their compensation up to market value.

Redevelopment of slums has presented considerable problems. Many of the areas were seriously overcrowded and lacked social facilities, but usually had the advantages of basic utilities, local employment and easy access to town-centre facilities. In order to house as many people as possible on the sites large areas were cleared and high-rise flats built. Despite the high standards of many of the homes themselves, multi-storey flats have not proved satisfactory for some types of tenant, particularly families with children, because of the lack of safe and convenient play space. Where there is a need to build to a high density in inner city areas it is now met by carefully grouped low-rise blocks, including individual houses wherever possible.

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### Research and Development

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Research into building materials and techniques, as well as into the social, economic and design aspects of housing, is undertaken within the Department of the Environment. It is carried out by the Building Research Establishment of the Department's research directorate as well as by the directorates of economics, statistics and housing development. The Research and Development Group of the Scottish Development Department also undertakes research, as does the Office of Population Censuses and Surveys. Sponsored work is carried out by academic institutes, consultancies and market research firms. Local authorities may also have their own housing research programmes. Advice on ways of increasing quality, productivity and efficiency in house-building is provided by the National Building Agency.

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### Northern Ireland

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The Northern Ireland Housing Executive, with a stock of some 194,000 homes, is responsible for the provision and management of public authority housing and for dealing with unfit homes whether publicly or privately owned. Northern Ireland has a major problem of unfit and derelict housing, especially in Belfast, and the situation has been made worse by civil disturbance. The concept of housing action areas has been developed to enable concerted action to be taken, and there is a continuing programme of rehabilitation in Belfast. Action has also been taken to stimulate the voluntary housing movement; registered housing associations undertake a large programme of schemes for groups such as the elderly and the disabled, and also play a significant part in the rehabilitation of older homes, especially in Belfast.

In the privately rented sector the Rent (Northern Ireland) Order 1978 replaced earlier legislation with a single statute designed to safeguard tenants' rights while providing landlords with sufficient rental income to maintain their property in good condition. Under the order landlords are empowered to increase the rents of certain properties meeting a specified standard to a level comparable with those charged by the Northern Ireland Housing Executive.

The range of choice in housing is being widened,

particularly for those who wish to own their own homes. The option mortgage scheme, the home loan scheme for first-time buyers and 'home-steading' (see p 3) are all in operation. The concept of shared ownership is being developed in the public sector by the Northern Ireland Housing Executive and in the private sector by the Northern Ireland Co-ownership Housing Association. In line with government policy, the Northern Ireland Housing Executive has offered most of its dwellings for sale to the tenants. Provisions similar to those in the Housing Act 1980 are expected to come into force by the end of 1981.

### Addresses

Department of the Environment, 2 Marsham Street, London SW1W 0DU.

Housing Corporation, 149 Tottenham Court Road, London W1P 0BN.

Northern Ireland Department of the Environment, Parliament Buildings, Stormont, Belfast BT4 3SS.

Scottish Development Department, New St Andrew's House, Edinburgh EH1 3SZ.

Welsh Office, Cathays Park, Cardiff CF1 3NQ.

### Reading List

National Dwelling and Housing Survey. ISBN 0 11 751382 2.	HMSO, 1979	8-50
Phases 2 and 3. ISBN 0 11 751487 X.	HMSO, 1980	25-00
<i>Annual Report</i> Housing Corporation.		
<i>Statistics</i> Digest of Housing Statistics for Northern Ireland.	HMSO, Belfast	Biannual
Housing and Construction Statistics, Great Britain.	HMSO	Quarterly
Local Housing Statistics, England and Wales.	HMSO	Quarterly
Scottish Housing Statistics, Edinburgh.	HMSO	Quarterly

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Fri., July 30, 1982

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Columbus Citizen-Journal 11, OH

# HUD is planning more 'homesteads'

By JERRY CONDO

Citizen-Journal Washington Bureau

WASHINGTON — Housing and Urban Development Secretary Samuel Pierce told a handful of community activists, including a Columbus woman, yesterday that HUD soon will make more federal housing property available for the popular "homesteading" program.

Pierce gave the news to Winnie Horn, 58, of 522 Oakwood St., and other representatives of Association of Community Organizations for Reform Now (ACORN) during a 90-minute meeting at HUD offices.

Mrs. Horn and other ACORN members came to Washington to press their housing demands on the HUD secretary.

After the meeting, spokesmen for HUD said Pierce informed ACORN that new regulations are being processed to raise the ceiling on the value of HUD-owned properties available for homesteading from \$15,000 to \$25,000.

The regulations are expected to be approved in September.

The higher ceiling will mean HUD will be able to offer more housing to cities in the homesteading programs.

The HUD spokesmen said the new regulation reflects the fact that housing values are considerably higher than when the program was begun in the mid-1970s.

Homesteading is a program in Columbus and other cities where people are selected by lottery and given a home in exchange for renovating the property within a specified period of time.

In addition, Pierce informed the ACORN members that HUD is preparing regulations that will allow cities to broaden their "target" neighborhoods for the homesteading program.

"We're pleased. We got some good results," Mrs. Horn said after the meeting.

Pierce also expressed concern to Mrs. Horn that the Columbus area HUD office took several months to assign her mortgage from a private lender to the federal government.

Mrs. Horn, whose husband was injured on the job and lost income, had earlier been threatened with foreclosure on her federally insured mortgage.

Larry Rodgers of Little Rock, Ark., president of ACORN, said the meeting with Pierce was "extremely cordial."

"He listened and expressed a desire to help," said Rodgers.

The meeting with Pierce was the result of a commitment HUD officials made with ACORN in late June when the activists set up a tent city on the Ellipse near the White House to protest the administration's housing policies.

# Tories Gain In Marginal British City

## Class, Attitudes Erode Hopes for 'Tactical Vote'

By David S. Broder  
Washington Post Staff Writer

CAMBRIDGE, England, June 8—This ancient university city, its gothic quadrangles now surrounded by modern electronics plants, is one of the prime battlegrounds in Thursday's British election—a three-way marginal district where, on paper at least, Conservatives, Labor or the Liberal-Social Democrat Alliance could win.

The incumbent Tory member of Parliament, Robert Rhodes James, lost two-thirds of his 1979 plurality of 4,800 votes in last year's redistricting, which lopped off two strong Conservative wards. Labor controls the city council, and the new Social Democrats received almost one-third the votes in April's local elections.

With its sophisticated electorate almost certain to give a healthy majority of its votes to antigovernment candidates, Cambridge is exactly the sort of place where some anticipate "tactical voting" to take place on Thursday.

Tactical voting is a peculiarly British phenomenon, in which voters cast their ballots, not so much to help the party they like best, but to defeat the party they most abhor. In past general elections, tactical voting has tended to squeeze out the middle-road Liberal Party. But in a number of by-elections in the past two years, the Alliance was able to encourage tactical voting—most often by former Labor supporters eager to defeat Tories, but occasionally in the reverse direction—for its own benefit.

Here in Cambridge, big-name Labor and Alliance figures have swarmed in, trying to persuade anti-Tory voters to unite behind one candidate and defeat Rhodes James, the historian and Third-World economics specialist who has held the seat. The threat seemed serious enough that the Tories dispatched Foreign Minister Francis Pym here yesterday to bolster the local candidate.

But the threat appears to be all on paper. Huge gulfs of class and attitude have

See BRITAIN, A28, Col. 1

# Anti-Thatcher Drive Stalls In Cambridge

BRITAIN, From A21

fought each other to prevent shifts from Labor to the Alliance, or vice versa. While they fight each other, the Tories are having a field day.

In the bar of Christ's College yesterday, while Pym chatted with students, an archeology professor brought Rhodes James the welcome news that his canvassing in a neighborhood of council houses (public housing) had found surprising support for the Conservatives.

That is a national trend, linked to Prime Minister Margaret Thatcher's policy innovation of allowing tenants to buy the homes they have been renting. Several hundred Cambridge residents are among the half-million who have done so nationally, and a targeted mailing to those people brought in "phenomenal results," according to the local Tory manager, Hugh Rudwick.

The same phenomenon was the target of derision at last night's closing Labor rally, held at the local junior college. The Labor candidate, county council member Janet Jones, is representative of the party's leftward movement. She is an ardent advocate of unilateral disarmament, whose biography notes that in her old district, "the local Labor Party men nicknamed her 'The Amazon,'" but even Jones seemed startled to find that two-thirds of the rally crowd were teen-agers, some of them with the distinctive dyed hair and painted faces of the punk culture.

The drawing-card for them, it turned out, was a counterculture figure calling himself "Attila the Stockbroker," a mustachioed man in his twenties wearing a black motorcycle jacket and blue jeans.

Before Jones' speech, Attila was brought forward to recite, at break-neck speed, a number of his own poems, including one he had written, he said, in anger over seeing Tory posters in council house windows. The title and refrain of the poem, he



By Richard Furno—The Washington Post

Preservation Copy

said, with apologies to the older people present, seemed to him to sum up what such voters were saying to Thatcher. The gist of Attila's message was that these voters were asking Thatcher to emasculate them. With that sort of approach characterizing the Labor campaign, there would seem to be much room for the Alliance to become the major opposition force. But, in reality, it is far more difficult.

A midday Alliance rally drew almost as many people as the evening Labor "jamboree," but of a very different type—a serious-minded crowd of 75, including a large number of young suburban-looking wives. The drawing-card for them was not Attila the Stockbroker, but Clement Freud, a Liberal member of Parliament, grandson of the founder of psychiatry, but perhaps best known as a television chef.

He made a very sophisticated appeal, conceding that the Tories would be returned to power nationally, and perhaps locally, but saying, "We need your vote so that the silent majority of Britain will not be invisible in the next Parliament. . . . The greater the disproportion between our vote and the number of seats we win, the more outrage will be felt at our rotten electoral system," and the better the chances for eventually getting the Alliance dream of proportional representation.

Translated to the local level, that was an argument for winning by losing, and it offered little help to Matthew Oakeshott, a London pension fund manager who is the Alliance candidate here.

Oakeshott, 36, followed his mentor Roy Jenkins, from Labor into the Social Democratic Party in 1981, but he has not found it easy to gain

a foothold here. A well-known local Liberal officeholder had been organizing his campaign for two years, but in the national division of Alliance races between Liberals and the Social Democrats, Cambridge went to the Social Democrats. Although Cambridge is his wife's home, Oakeshott had no base here when he was picked as the candidate in September, and there is still resentment by the displaced Liberals. Oakeshott has echoed the national Alliance line that Labor cannot win, and an Alliance vote is the only way to curb the Tory majority. But an afternoon of interviewing in the Cambridge market found no evidence that it was selling.

There are people switching from Labor to the Alliance, but not out of any calculation of the election odds. Vegetable stand owner Brian Gardner has voted Labor for the past 18 years, as his father did, but no longer. "It's like a left-wing Mafia has taken over my party," he said.

First-time voter Nadine Reynolds said she finds Thatcher "very right-wing" and Labor "very extreme," but she is not considering the Alliance. "They have not been around long enough to form a government," she said.

Any hope of building a bandwagon psychology for tactical voting for Oakeshott was pretty well de-

stroyed yesterday when the Cambridge Evening News poll of 455 local voters gave Rhodes James 46 percent, Jones 29 percent and Oakeshott 24 percent.

Both the trailers immediately attacked the poll's credibility. But their counterclaims just clouded the picture further for the anti-Tory tactical voters, if there are any.



U.S. Department of Housing  
and Urban Development  
Office of the Secretary

← file  
H



From: B. A. Smith  
Assistant to the Secretary  
for Labor Relations

6-14-83

To: Morton Blackwell

date

Per your request.

With best wishes,

Handwritten signature of B. A. Smith in cursive script.

B. A. Smith



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410

NOV - 1 1982

OFFICE OF THE SECRETARY

IN REPLY REFER TO:

MEMORANDUM FOR: Fred Sontag

FROM: *E. A. Smith*  
E. A. Smith, Office of Labor Relations, SL

SUBJECT: Impressions of the Mid-Term Review Meeting

Overall the meeting went very well. Principal Staff made a good presentation and the presentation was received with comprehension and good humor.

Based on comments and questions the reviewers made, I will make some further observations.

HUD stands very high with the President's people because it is one department that has really accomplished what the President wants done. HUD has cut spending in real terms. HUD has cut personnel in real terms. HUD has improved management of scarce resources in real terms (and they intend to use the 50 specific ways from the Office of Assistant Secretary for Administration as examples for the rest of the Executive Branch and for Presidential speeches). HUD has engaged in actual deregulation. HUD has changed the direction of government.

There were several questions which were not so much requests for information as they were indications of White House thinking.

For example, the reviewers asked about our efforts to sell public housing units to the tenants. Several principle staff responded with helpful information, but the fact remains that the White House would like to see further steps taken on this concept. And they would like the program to be something the President could point to as an example of getting government out of the housing business in an attractive (public relations) way. ]

The reviewers also asked about the length of the pipeline for various amounts. More than a request for information, this question sought to know what attitudes HUD had on spending this money and what HUD was doing both legislatively and bureaucratically to avoid spending the money.

The question about what HUD was doing for the truly needy also probed agency thinking on this issue. As a matter of fact, Sam Pierce speaks most clearly on this point when he says that it depends on the success of the President's Economic Recovery Program.

Other principle staff provided some useful information on the outlines of HUD's efforts: We are a contracting not a welfare agency. 75% of the poor have nothing to do with HUD or publicly assisted housing anyway because the free enterprise system adequately provides housing for them. We are not interested in increasing the percentage of people in publicly assisted housing. Historically, such efforts have the effect of denying benefits to more people. We are only concerned that the truly needy receive housing. Our studies indicate that they are housed. 90% of HUD funds benefit the bureaucracy, the welfare industry and the middle class. Only about 10% can be expected to help the truly needy. Thus our efforts with block grants, enterprise zones and new federalism is to turn these areas back over to the private sector where the same money provides more housing for the truly needy.

10/27/82

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MID-TERM REVIEW OF  
THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The overall goals of the Reagan Administration are to reduce the cost and size of the Federal Government, to target programs to the truly needy, to reduce the regulatory burden on program participants, to delegate greater responsibility to State and local governments, to place greater reliance on the private sector, and to improve the management of government agencies. Bearing these Administration goals foremost in mind, the Department examined its statutory objectives and undertook a major redirection of its programs and internal activities to make them consistent with these goals. This mid-term review provides the details of HUD's objectives, the significant progress the Department has made in achieving these objectives, and its plans for the next two years.

OBJECTIVES

HUD's objectives are:

- to provide cost-effective housing for the truly needy;
- to encourage homeownership;
- to ensure equal housing opportunities for all and to prevent discrimination in housing;
- to assist community development;
- to promote the economic growth of cities and States, primarily by stimulating private investment;
- to delegate to State and local governments greater responsibility for the planning and operation of community and economic development activities;
- to implement more cost-effective ways of operating the Department; and
- to support the Administration's foreign policy through the Department's international agreements and its work with international agencies.

ACCOMPLISHMENTS IN HOUSING

In the field of housing, the Department is responsible for: (1) providing housing assistance to the poor; (2) encouraging homeownership; and (3) promoting and enforcing fair housing.

Creating a Presidential Commission on Housing. The Secretary requested that the President establish a commission to provide recommendations for a national housing policy. The Commission's report, submitted in April 1982, resulted in many actions already initiated by the Administration. The Cabinet-level Working Group on Housing Policy is currently reviewing the remaining recommendations for potential implementation.

programs will now be targeted to the poorest families in each locality. Where previously families who had incomes of up to 80 percent of the median income were eligible for assistance, now eligible families must generally have incomes no greater than 50 percent of the median income in the area.

Using Existing Public Housing Better. HUD has proposed no new construction of public housing projects. Instead it will focus on improving the physical condition and upgrading the management and operation of existing projects. Plans are underway to return to public housing managers much of the decision-making power that the Federal Government has exercised over the last two decades.

The Department is also proposing to reform the system of subsidies for public housing projects. This new funding system (unlike the previous one) will have incentives for good management and greater local responsibility. In addition, the Department will focus its limited staff resources on the most troubled public housing agencies to help them identify the problems they face and to develop appropriate solutions. For example, after a comprehensive review of the Chicago Housing Authority, the Authority released approximately 300 unneeded employees and raised rents to the maximum allowed by law. These changes will save many millions of dollars.

Providing Housing for Indians. The Department operates a housing program for Indians which, until recently, provided housing by building it. The Department proposes to emphasize completing already-approved projects, rather than continuing to fund new ones which take years to build. HUD is also reducing the cost of approved projects by monitoring projects to keep construction costs down. The Department is examining lower cost and more flexible approaches to providing additional units, tied more closely to Indian reservation needs and encouraging private investment on reservations. The Department also believes that whatever program is finally developed should remain under HUD jurisdiction rather than be transferred to the Department of Interior, in order to take best advantage of years of housing expertise.

#### HOMEOWNERSHIP

Increasing Mortgage Availability. High interest rates, the reluctance of lenders to tie up their funds for long periods of time in an era of run-away inflation, and the high cost of housing have prevented many families from achieving their dream of becoming homeowners. The most important action the Federal Government can take to reduce these barriers is to carry out the President's Economic Recovery Program. Proof that this program is working has been HUD's ability to reduce the interest rate on FHA mortgages. Last year, these mortgages carried a 17-1/2 percent interest rate. In response to a general improvement of economic conditions, this rate is now at 12-1/2 percent. The latest drop, of one full percentage point, should make homebuying possible for approximately 1.6 million additional families.

HUD also provides mortgage money by channeling funds from the Nation's securities markets into low- and moderate-income housing. Since 1970, an estimated 4 million mortgages have been funded by the Government National Mortgage Association, which provides more than three-fourths of the financing for all VA and FHA mortgages.

Expanding the Sources of Mortgage Funds. Over the last several years, basic changes in mortgage availability have occurred. Savings and loan associations, who were the traditional providers of mortgages, found themselves with long-term, unprofitable commitments. To provide relief, they sought to get new powers (such as providing checking accounts) to obtain new sources of funds. Other mortgage lenders were also reluctant to make mortgages which would tie up their funds. New sources of mortgage funds needed to be found.

HUD has initiated several actions to solve this problem. First, HUD has participated in the successful Administration-wide effort to remove regulatory burdens from the savings and loan industry. Second, HUD has encouraged pension fund investment in mortgages. Pension funds, which total approximately \$700 billion, represent a vast, untapped source of mortgages. The Departments of Housing and Urban Development and Labor have undertaken a major marketing effort to communicate to pension funds, through conferences and other public forums, the market competitiveness of housing investments. HUD and DOL have worked together to identify and overcome obstacles which prevent such investment. As a result, the Department of Labor announced three actions in May 1982, to ease some of the most severe restrictions on these investments. The two Departments are continuing to work together to identify needed additional actions, and HUD is actively promoting such investments by pension funds. Third, HUD is exploring ways to improve mortgage instruments and tailor them to meet the needs of pension funds. Fourth, HUD and other agencies are exploring ways to remove regulatory barriers to the development of private mortgage-backed securities for investment in housing, such as Trusts for Investments in Mortgages.

Introducing Innovative Mortgages. HUD has recently allowed lenders who provide mortgages with FHA mortgage insurance to use several innovative mortgage instruments. These include (1) Shared Equity Mortgages in which investors share the monthly mortgage payment in return for a share of the equity of the home at the time of sale and the tax benefits to the investor; (2) Graduated Payment Mortgages, which allow payments to increase as the homeowner's income increases, in concert with builder subsidies of interest rates on these mortgages; (3) Growing Equity Mortgages in which the homeowner pays off the mortgage more rapidly in exchange for a lower interest rate; and (4) Negotiated Interest Rates which allow the buyer, seller, and lender to negotiate the terms of the mortgage. HUD has also asked Congress to approve the use of adjustable rate mortgages, which allow the interest rate to fluctuate up or down to reflect current market conditions.


**Redirecting FHA.** To prevent duplication of functions better performed by the private market, FHA is redirecting its programs toward underserved groups--first-time homebuyers, low- and moderate-income homebuyers, and buyers of inner-city properties. Innovative mortgage instruments and liberalized use of FHA insurance on condominiums will be used to help these groups become homeowners.

**Making Housing More Affordable.** Even with lower interest rates and an improved investment climate, houses still cost too much for many potential homebuyers. Existing State and local regulations often prevent cost-saving construction techniques from being used. To solve these problems, HUD created the Joint Venture for Affordable Housing which involves State and local governments, builders, and private citizens. These groups are working together to reform Federal, State, and local regulations--building codes, zoning regulations, processing procedures, etc.--which prevent the use of cost-saving techniques. Construction at several sites has begun, with significant savings being passed on to homebuyers. For example, in Lincoln, Nebraska, a builder will be selling two-bedroom houses for under \$41,000, about \$10,000 less than other similar houses in the area.

HUD has also taken several other actions to promote housing affordability, the most important being changes made to HUD's Minimum Property Standards. These standards govern all aspects of housing construction and while only housing covered by FHA mortgage insurance must meet them, these standards have an influence on housing construction generally and greatly affect the cost of housing. Previously these standards went far beyond local codes and called for items far beyond local needs. As a result of regulatory changes effective in 1982, requirements that are normally determined in the marketplace (e.g., room sizes, number of closets) have been removed from the single-family standards. HUD now relies on local conditions to determine these requirements. These revisions reduce the sheer bulk of the standards by almost one-third (with 143 pages eliminated) and will result in annual savings of \$60 million for builders--and, therefore, for homebuyers.

**Deregulating Interstate Land Sales.** Developers of subdivisions must register with HUD when they build developments in which mail or interstate commerce is involved. This registration is intended to protect potential purchasers from being given inaccurate or misleading information about the developments. HUD has proposed changes to reduce regulatory burdens on these developers. The volume of the regulations for the program will be reduced by 16 percent.

**Continuing and Expanding the Urban Homesteading Program.** Under the Urban Homesteading program, Federally owned properties are given to local governments for families willing to rehabilitate the properties and live in them. The program has two benefits. It helps reduce HUD's losses on holding properties and it puts houses back into use. HUD's 1983 legislative proposals include expanding this successful program to cover multifamily projects.



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By JERRY CONDO

Citizen-Journal Washington Bureau

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63 JUN 1983

Michael Ehrmann, Deputy Director  
Office of Urban Rehabilitation

Raymond Solecki, Director  
Urban Homesteading Program

Lou Thompson, Urban Homesteading Program

Progress Report: Urban Homesteading Program

The following brings you up-to-date on the status of the Urban Homesteading Program. I have included fund expenditures, the milestones of properties transferred to localities, and a list of localities that have entered the program in FY 1983 and those that may still be approved this fiscal year. In addition, I have attempted to analyze those localities that should be closed out due to their inactivity or suspension.

Section 810 Properties and Fund Expenditures

<u>FY 1982</u>	<u>HUD</u>	<u>VA</u>	<u>FmHA</u>	<u>Total</u>
<b>Properties</b>				
Program Cumulative	6,427	60	10	6,497
Current Year	844	60	10	914
<b>Expenditures</b>				
Program Cumulative	\$50,036,318.93	\$628,145.11	\$150,426.36	\$50,814,890.40
Current Year	9,242,398.06	628,145.11	150,426.36	10,020,969.53
 <u>FY 1983</u>				
<b>Properties</b>				
Program Cumulative	6,668	75	10	6,753
Fiscal Year Cumulative	240	15	0	255
January	13	0	0	13
February	57	5	0	62
March	95	6	0	101
April	75	4	0	79
<b>Expenditures</b>				
Program Cumulative	\$52,619,165.65	\$791,426.45	\$150,426.36	\$53,561,018.46
Fiscal Year Cumulative	2,754,739.00	163,281.43	0	2,918,020.43
January	213,364.00	0	0	213,364.00
February	528,201.00	35,900.00	0	564,101.00
March	1,100,260.00	86,150.00	0	1,186,410.00
April	910,414.00	41,231.43	0	951,645.43

Note: Because Area Offices tend to make adjustments on the monthly reports, the figures as presented monthly may not add up to the cumulative for the year.

## 2. Milestones in the Urban Homesteading Process (Program Cumulative)

Properties in the Urban Homesteading Program	1982	1983 1st Quarter	2nd Quarter
HUD-Section 810	6,409	*6,421	6,557
HUD-Other		149	273
Other Federal	256	141	99
Local	690	777	753
Total	7,355	7,487	7,682
Conditional Transfers	6,189	6,601	6,650
Rehabilitation Begun	5,986	6,393	6,572
Rehabilitation Completed	4,776	5,189	5,386
Properties Occupied	5,592	5,975	6,230
Final Conveyance	2,117	2,375	2,515

\*The difference between the last quarter of FY 1982 and the 1st quarter of FY 1983 is due to adjustments made by Area Offices. No properties were transferred because funds were not available until December 1982.

There is also a difference between property numbers reported under this section and the one above. Localities report the milestones to the Area Offices, while Area Offices obtain their data from PD and from the CPD certifications of funds expenditures as reported above in No. 1.



No 86/FSB/81  
Classification 4(d)  
Revised  
March 1981

# Fact sheet on Britain

## Housing

A substantial improvement in housing conditions in Britain has been achieved during the last 35 years. Much of the run-down inner-city housing built during the nineteenth century has been replaced, other substandard property has been renovated and many large houses have been converted into units more suitable for the smaller families of today. Some 9 million new dwellings have been built in Britain since 1945, representing more than two-fifths of the total housing stock. There is now a reasonable balance between supply and demand in the country as a whole, although localised problems remain, especially in London, Glasgow, Belfast and certain other large cities. The growing number of small households, consisting of only one or two people, has also resulted in a surplus of large homes and a shortage of small ones.

There are more than 21 million homes in Britain, of which about three-quarters are houses and the rest flats. Almost all houses have their own gardens. Over half of all homes are owned or being bought by their occupiers and more than a third are rented from public housing authorities; most of the others are rented from private landlords. There are variations in the pattern of tenure in different parts of the country. In Scotland, for example, homes rented from public authorities predominate, and in Britain as a whole privately rented property tends to be concentrated in older inner-city areas. About 93 per cent of households in England, Scotland and Wales have exclusive use of a bath or shower, and 97 per cent sole use of a lavatory.

## Policy

In the public sector the main emphasis in housing policy from the 1940s to the 1970s was on new building. Now, however, the emphasis has shifted to modernisation, improvement and making better use of the existing stock; the need for labour mobility and the concentration of limited resources in the areas of greatest need are further considerations. Public expenditure provision in Britain for housing stood at £4,900 million in 1980-81, but the figure is likely to decline in subsequent years in line with government expenditure plans. In the private sector encouragement of home ownership and a revival of the rented sector are central policy aims. The Housing Act 1980, together with the Tenants' Rights, Etc (Scotland) Act 1980, reflect this in establishing the right for the majority of tenants of publicly owned dwellings to buy them, and providing new systems of 'shorthold' and 'assured' tenancies (see p 4) in the private sector, a more effective improvement

and repair grant system and a more flexible subsidy system.

## Administration

The Secretary of State for the Environment is responsible for formulating housing policy and for supervising the housing programme in England and, with the Secretary of State for Wales, in Wales; the Secretaries of State for Scotland and Northern Ireland have similar responsibilities in their own parts of Britain.

Most public housing in England, Scotland and Wales is provided by 459 local authorities. These are: the district councils in England and Wales (outside London); the Greater London Council, the London borough councils and the Common Council of the City of London; and the district and islands authorities in Scotland. In Northern Ireland public housing is the responsibility of the Northern Ireland Housing Executive. Other public housing authorities are the new town authorities and the Scottish Special Housing Association (SSHA), which was established in 1937 to supplement building by local authorities in Scotland. Local authorities are also responsible for carrying out slum clearance and redevelopment programmes.

Central government departments specify certain standards for the construction and equipment of new dwellings; these standards are enforced by local authorities. The location of all housing, its design and relation to the environment are subject to approval by local authorities under the planning laws, but there are rights of appeal to the Secretary of State against local planning decisions.<sup>1</sup> Other aspects of housing which involve the local authorities include the payment of home improvement grants and of rent and rate rebates to those in need; the granting of mortgages for people to buy their homes; and the provision of assistance to people who are homeless or threatened with homelessness. Local authorities also have the power to give financial and other help to voluntary organisations concerned with homelessness. Many authorities have established housing advisory centres to provide the public with information on most aspects of housing.

## Home Ownership

The number of people owning or buying their own homes has more than doubled in the last 20 years

<sup>1</sup>For further details on planning see COI fact sheet *Planning and the Environment*, No 87/FSB/81.



**Craigavon New Town, Northern Ireland, built to rehouse people from Belfast.**

**A modern estate of owner-occupied houses in Dartford, Kent.**



**Aberdeen Park, north London. On the left are modernised nineteenth-century houses converted into flats. In the background new housing has been constructed in the gardens of the old houses.**

*(Photo: Martin Charles)*



**Glenrothes New Town, Scotland, showing two-storey high-density housing with gardens.**

and now amounts to over 11 million. In the year to June 1980 some 75,000 publicly owned homes (often referred to as 'council' homes) were sold to private individuals, and the number of owner-occupied dwellings from this source is likely to be increased further by the Housing Act 1980 and the Tenants' Rights Etc (Scotland) Act 1980 (see p 4). Many houses which were previously rented from private landlords have also been sold for owner occupation. Houses sold on the open market are generally sold through estate agents or advertisements in newspapers.

Local authorities have been asked to encourage low-cost home ownership in their areas by selling land which they own to builders for homes for first-time buyers, or building plots to individuals or groups formed to build their own homes; by building 'first-time' homes in partnership with private builders on local authority land, which is retained by the authority until the houses are sold; by improving homes for sale; by selling unimproved properties for improvement by the purchaser ('homesteading'); by offering shared ownership (part owning, part renting) to bring home ownership within reach of those on low incomes; and by using local authority guarantee powers to facilitate lending by building societies to borrowers.

#### *Mortgage Loans*

Most people buy their homes by a system of instalment purchase through loans from such sources as building societies, insurance companies, industrial and provident societies, local authorities and banks. Some companies also make loans for house purchase to their own employees.

Building societies are the most important of these agencies, their share of the market being about 80 per cent. They do not build houses themselves but lend money upon security by way of a mortgage on the home bought for owner occupation. They usually advance up to 80 per cent of their valuation of a house provided it does not exceed a certain multiple (generally about 2½) of the borrower's income. Mortgages of up to 100 per cent can, however, be obtained in some circumstances. Loans are normally repayable over periods of 20 or 25 years (up to 30 or 35 years in certain circumstances) by equal monthly instalments to cover capital and interest (which varies roughly in line with general interest rates). The average price in Britain of all houses bought with a building society mortgage at the end of 1980 was about £24,700 (average earnings in 1980 were some £5,600) and the average mortgage advance was about £14,700, or nearly 60 per cent of the purchase price. Banks have recently offered increasing competition to the building societies as a source of mortgage finance, although their share of the market is still small.

#### *Financial Assistance*

Owner-occupiers are entitled to tax relief on their mortgage interest payments arising on up to £25,000 of their mortgages (on their main home only), and in 1979-80 this totalled about £1.450 million. An alternative form of assistance is the option mortgage scheme, designed to help those with smaller incomes who pay little or no tax and therefore do not benefit from tax relief. It allows the borrower to receive, instead of tax relief, a subsidy which has the effect of reducing the rate of interest on the loan. In England, Scotland and

Wales assistance under this scheme totalled £190 million in 1979-80. There is an associated guarantee scheme under which mortgage loans of up to 100 per cent of the valuation of a house (not exceeding £14,000) may be made to option borrowers.

Other ways of helping people with lower incomes to become owner-occupiers include schemes operated by a number of local authorities which allow those buying homes for the first time, subject to certain conditions, to defer part of the mortgage payments that would normally be due in the early years until later in the mortgage term; and shared ownership schemes, under which the occupant purchases a part share of the home, paying rent on the remaining share. A new homeloan scheme came into operation in 1980 under which first-time home buyers who have saved for two years and are buying a home in the lower price-range may qualify for a loan of £600, interest-free for up to five years, and a tax-free cash bonus of up to £110.

#### *Building Standards*

For building in the private sector the National House Building Council sets standards and enforces them by inspection and certification. Almost all new private houses are covered by the Council's insurance scheme, which provides ten-year protection against major structural defects. Two-year protection is also given against faulty workmanship. Most lenders will not grant mortgages on a new house unless it is covered by a Council certificate.

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## Public Sector Housing

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Public housing authorities own nearly 7 million houses and flats. The number of homes owned by each authority varies widely, several of the larger authorities having a stock of well over 100,000.

#### *Finance*

Local authorities meet the capital costs of new house construction and of modernisation of their existing stock primarily by raising loans on the open market or by borrowing from the Public Works Loan Board. Current expenditure, principally loan charges, is met mainly from rents, rates (a form of local property tax) and subsidies from the Government. Local authorities are required to charge their tenants reasonable rents, keeping a balance between the interests of tenants and rate-payers. Subsidies for public housing in England, Scotland and Wales during 1979-80 totalled some £2,500 million, including rent rebates payable to poorer tenants to help them with rents of accommodation suitable to their needs. Supplementary subsidies assist local authorities with slum clearance.

Since 1978-79, when a system of local housing strategies and investment programmes was introduced, local authorities in England and Wales have been able, in consultation with other bodies concerned, to plan their housing investment in the light of a comprehensive assessment of local housing needs.

#### *Construction and Design*

Most building is undertaken by private firms under contract, although a number of authorities employ

their own ('direct') labour to build houses. Some authorities work in consortia to make the best use of experience and technical information, and to initiate research and development projects. In 1978, 98 per cent of new houses built for local authorities in England and Wales had central heating, while the average floor area of houses to accommodate five people was 89 square metres (958 square feet).

With the limited resources at present available for public housing, increasing importance is being placed on the housing of those in greatest need such as the physically handicapped, one-parent families, people who have suffered from mental illness and victims of domestic violence. 'Sheltered' accommodation, with an alarm system and a resident warden, is provided for many elderly people who might otherwise lose their independence.

#### *The Tenants' Charter*

The Housing Act 1980 establishes a charter for public-sector tenants, giving them statutory rights such as security of tenure, provision for one succession to the tenancy by a resident relative on the death of the tenant, rights to sublet and take in lodgers, to improve the home and to be consulted about matters affecting the home or the tenancy. With certain exceptions, public sector tenants of at least three years' standing can buy the freehold of their house, or a long lease of their flat, at a discount on the market price of from 33 to 50 per cent, depending on the length of their occupation. The discount must be repaid in part or in full if the property is resold within five years. Tenants also have the right to be given a mortgage by the local authority to make the purchase. Similar provisions for Scotland are contained in the Tenants' Rights Etc (Scotland) Act 1980, and are expected to come into operation in Northern Ireland by the end of 1981.

### **Privately Rented Housing**

During the last 30 years there has been a steady decline in the number of rented dwellings available from private landlords including accommodation tied to a particular job' from more than 50 per cent of the housing stock to about 12 per cent (just over 2 million). Major factors in this decline have been the increased demand for owner-occupation, the greater availability of public rented housing and the operation of statutory rent restriction under successive Rent Acts. Privately rented homes form a high proportion of the older housing and are mostly found in inner-city areas. Most private landlords are individuals with limited holdings, although some rented housing is provided by larger property owners, including property companies.

With some exceptions, privately rented homes are subject to rent restriction, which can take two forms. In a regulated tenancy a 'fair rent' is fixed by independent rent officers, at the request of the landlord, the tenant, or both; if the rent officer's decision is objected to by the landlord or the tenant it is referred to a rent assessment committee. Once fixed, the rent is registered and not normally reviewed for at least two years. The other form of rent restriction applies to tenants with resident landlords and tenants of a few other types of

furnished accommodation who may refer their tenancy agreements to a rent tribunal for determination of a reasonable rent.

Tenants, apart from those in 'shorthold' and 'assured' tenancies (see below), have a wide degree of security of tenure, and cannot be evicted without a court order. It is a criminal offence for a landlord to harass a tenant. Rent tribunals can grant tenants covered by their jurisdiction security of tenure for a period of up to six months, which may be extended.

Two measures in the Housing Act 1980 are designed to halt the decline in privately rented housing in England and Wales. 'Shorthold' tenancies enable landlords to let accommodation at fair rents for fixed terms of between one and five years, at the end of which they have the right to regain possession. 'Assured' tenancies allow bodies approved by the Secretary of State for the Environment to let property at freely negotiated rents outside the provisions of the Rent Acts, provided that building began after 8 August 1980 and that the property has not previously been occupied residentially under any other form of tenancy. A system of 'short' tenancies, similar to shortholds, has also been introduced in Scotland in the Tenants' Rights Etc (Scotland) Act 1980.

### **Housing Associations**

Housing associations extend the choice of housing by providing accommodation available for rent through new building or the rehabilitation of older property, as well as extending the forms of home-ownership. The associations normally cater for people who would otherwise look to a local authority for a home. In addition to normal family housing, they provide particularly for the special needs of elderly, disabled and single people.

The associations, which are non-profit-making, have grown under government encouragement and now own some 340,000 homes. Individual associations range in size from the very small, owning almshouses which may house less than 10 old people, to associations with more than 10,000 homes. Rented housing schemes carried out by associations qualify for a government grant but only if the association is registered with the Housing Corporation, a statutory body set up by the Government in 1964 to encourage housing associations by providing them with finance and advice, and to supervise and control them. Some 3,000 associations are registered with the Corporation. Rented homes owned by housing associations come within the fair rent and rent allowance arrangements and some housing association tenants have rights under the tenants' charter in the Housing Act 1980 and similar legislation in Scotland (although there only with the association's agreement), including the right to buy.

Housing associations are involved in various alternative forms of tenure intended to give occupiers a greater stake in the ownership or management of their homes. These include shared ownership and co-ownership.

### **Improving Older Homes**

Modernisation and conversion of sub-standard housing, with the help of grants from public funds,

has increasingly been encouraged as an alternative to clearing and rebuilding to help preserve established communities and make more economic use of resources.

Home improvement grants for over 1.4 million homes were paid to householders in England, Scotland and Wales between 1967 and 1979. A further 1.2 million public sector homes were also improved in the period. There are four types of grant: improvement grants, including grants for conversion into flats; intermediate grants, for the provision of standard amenities, such as a bath and an inside lavatory, and associated repairs; repair grants; and special grants (which are not available in Scotland) for providing standard amenities, repairs and means of escape from fire in houses in multiple occupation.

Declaring 'general improvement areas' and 'housing action areas' enables local authorities in England and Wales to tackle the improvement of whole areas of older housing systematically. General improvement areas (of which there are about 1,300) consist of fundamentally sound houses and a stable population. Housing action areas (of which there are some 400) are characterised by relatively poor housing and bad physical conditions combined with social stress. Local authorities have special powers to bring about an improvement in the living conditions of residents within a five-year period. In both types of area government financial aid for environmental improvement such as tree-planting and pedestrianisation is available to local authorities. Grants to householders may range up to 75 per cent of the eligible expense limit and, in certain cases of financial hardship, to 90 per cent.

The Government has also introduced an 'improvement-for-sale' scheme, under which it helps to meet losses which local authorities or housing associations make in buying, improving and selling rundown or neglected housing.

In Scotland the term 'general improvement area' is not used, but housing action area powers are available for areas in which at least half the houses fail to meet prescribed standards; there is no time limit on the period within which improvement must be carried out. Outside housing action areas in Scotland local authorities have power to order the improvement of houses which are substandard or lack a bathroom, by improvement orders and grants payable at 75 per cent of eligible costs.

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### Slum Clearance

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In urban areas slum clearance and redevelopment have been major features of housing policy. Since the mid-1950s about 3.5 million people in England and Wales have been rehoused as a result of slum clearance programmes. Clearance of large areas of irredeemable slums is now almost at an end and greater emphasis is placed on renewal and modernisation wherever possible.

Housing authorities are obliged to see that other accommodation exists, or can be provided by them, for people displaced by slum clearance. Owners of property compulsorily acquired during slum clearance programmes receive as compensation either the full market value or, if the property consists of unfit houses, a sum based on the value of the cleared site; additional payments are,

however, made to most owner-occupiers of unfit houses to bring their compensation up to market value.

Redevelopment of slums has presented considerable problems. Many of the areas were seriously overcrowded and lacked social facilities, but usually had the advantages of basic utilities, local employment and easy access to town-centre facilities. In order to house as many people as possible on the sites large areas were cleared and high-rise flats built. Despite the high standards of many of the homes themselves, multi-storey flats have not proved satisfactory for some types of tenant, particularly families with children, because of the lack of safe and convenient play space. Where there is a need to build to a high density in inner city areas it is now met by carefully grouped low-rise blocks, including individual houses wherever possible.

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### Research and Development

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Research into building materials and techniques, as well as into the social, economic and design aspects of housing, is undertaken within the Department of the Environment. It is carried out by the Building Research Establishment of the Department's research directorate as well as by the directorates of economics, statistics and housing development. The Research and Development Group of the Scottish Development Department also undertakes research, as does the Office of Population Censuses and Surveys. Sponsored work is carried out by academic institutes, consultancies and market research firms. Local authorities may also have their own housing research programmes. Advice on ways of increasing quality, productivity and efficiency in house-building is provided by the National Building Agency.

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### Northern Ireland

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The Northern Ireland Housing Executive, with a stock of some 194,000 homes, is responsible for the provision and management of public authority housing and for dealing with unfit homes whether publicly or privately owned. Northern Ireland has a major problem of unfit and derelict housing, especially in Belfast, and the situation has been made worse by civil disturbance. The concept of housing action areas has been developed to enable concerted action to be taken, and there is a continuing programme of rehabilitation in Belfast. Action has also been taken to stimulate the voluntary housing movement; registered housing associations undertake a large programme of schemes for groups such as the elderly and the disabled, and also play a significant part in the rehabilitation of older homes, especially in Belfast.

In the privately rented sector the Rent (Northern Ireland) Order 1978 replaced earlier legislation with a single statute designed to safeguard tenants' rights while providing landlords with sufficient rental income to maintain their property in good condition. Under the order landlords are empowered to increase the rents of certain properties meeting a specified standard to a level comparable with those charged by the Northern Ireland Housing Executive.

The range of choice in housing is being widened,

particularly for those who wish to own their own homes. The option mortgage scheme, the home loan scheme for first-time buyers and 'home-steading' (see p 3) are all in operation. The concept of shared ownership is being developed in the public sector by the Northern Ireland Housing Executive and in the private sector by the Northern Ireland Co-ownership Housing Association. In line with government policy, the Northern Ireland Housing Executive has offered most of its dwellings for sale to the tenants. Provisions similar to those in the Housing Act 1980 are expected to come into force by the end of 1981.

### Addresses

Department of the Environment, 2 Marsham Street, London SW1W 0DU.

Housing Corporation, 149 Tottenham Court Road, London W1P 0BN.

Northern Ireland Department of the Environment, Parliament Buildings, Stormont, Belfast BT4 3SS.

Scottish Development Department, New St Andrew's House, Edinburgh EH1 3SZ.

Welsh Office, Cathays Park, Cardiff CF1 3NQ.

### Reading List

National Dwelling and Housing Survey.	£
ISBN 0 11 751382 2. HMSO, 1979	8-50
Phases 2 and 3. ISBN 0 11 751487 X.	
HMSO, 1980	25-00
<i>Annual Report</i>	
Housing Corporation.	
<i>Statistics</i>	
Digest of Housing Statistics for Northern Ireland.	HMSO, Belfast Biannual
Housing and Construction Statistics, Great Britain.	HMSO Quarterly
Local Housing Statistics, England and Wales.	HMSO Quarterly
Scottish Housing Statistics, Edinburgh.	HMSO Quarterly

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410

SEP 3 - 1982

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9/3/82

*file*

OFFICE OF THE ASSISTANT SECRETARY FOR  
HOUSING - FEDERAL HOUSING COMMISSIONER

IN REPLY REFER TO:

MEMORANDUM FOR: B. A. Smith, Assistant to the Secretary for Labor  
Relations, SL

FROM: Philip Abrams, General Deputy Assistant Secretary-Deputy Federal  
Housing Commissioner, HD

SUBJECT: Homesteading -- The British Plan

Your memorandum of August 6, 1982 suggested that we study the English initiatives for possible use in expanding our homesteading program. The English have a program of selling public housing units to tenants that is reported to be successful. Unfortunately, the English experience would be difficult to duplicate in this country due to the difference in the clients these two programs are designed to serve.

Although the name is the same, American homesteading is very different. First, HUD's homesteading activities have occurred in the private sector, primarily as a means of disposing of undesirable foreclosed property. The English exercise is occurring solely in the public housing sector. Second, English public housing has different characteristics than American public housing. English public housing basically represents all post-World War I rental housing. As a result it is serving primarily a lower middle-income sector of the population. American public housing is generally serving the elderly and the very poor--neither of whom are particularly good candidates for homeownership. Although there was homeownership in public housing in the early 1970's (Turnkey III), it involved new housing and the program realized only marginal success. Moreover, there is at present almost no interest among local housing authorities in converting and selling their units to their tenants.

In sum, the English experience cannot be translated into American opportunities.

U.S. Department of Housing  
and Urban Development  
Office of the Secretary



From: B. A. Smith  
Assistant to the Secretary  
for Labor Relations

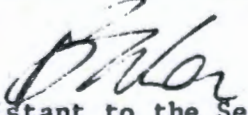
6-13-83

To : Phil Abrams date

We have received an inquiry from the White House for the fourth time regarding selling PHA units to tenants.

As you can see from the comments in the attached article, in Great Britain the Conservative party policy of selling units to tenants, and the Labor Party's opposition to the policy were significant in the resounding Conservative victory and the repudiation of Labor.

I recommend that per the White House request we take another look at this idea.

  
Assistant to the Secretary  
for Labor Relations

U.S. Department of Housing  
and Urban Development  
Office of the Secretary



From: B. A. Smith  
Assistant to the Secretary  
for Labor Relations

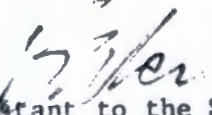
6-13-83

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Assistant to the Secretary  
for Labor Relations

# Labor leader sees 'bloodbath' in party councils after election

By Peter Almond  
WASHINGTON TIMES STAFF

HULL, England — With the latest opinion polls indicating the Labor Party is heading for its worst defeat in 50 years Thursday, hand-wringing and soul-searching already have begun in this Labor-dominated city of 300,000.

"There's going to be a bloodbath in the Labor Party after this election, I can tell you," said John Prescott, Labor Member of Parliament for East Hull, who is expected to hold on to his 24,000-vote plurality

(out of 70,000 voters). "Michael Foot will have to go. Denis Healey will have to go. We've got to find new direction and new leaders."

Prescott, 44, an MP for 13 years and a member of the center-left Tribune Group within the Labor Party, appears to represent the frustrated mass of Labor MPs who credit Prime Minister Margaret Thatcher with giving Britain a badly needed shock over the last four years but who fret about the divided way the party has responded to that challenge.

Weekend polls give the Con-



servatives a runaway (but slightly lower) lead of about 46 percent, Labor about 29 percent and the

see LABOR, page 12A

## LABOR

From page one

SDP-Liberal Alliance about 24 percent.

Two polls, however, for the first time, put the Alliance ahead of Labor. The pundits say this boost in Alliance fortunes at the expense of Labor can be attributed directly to a major contradiction of Labor policy by former Prime Minister James Callaghan last week when he said Britain would not disband nuclear weapons unilaterally and to an insult to British pride by Labor Party deputy leader Denis Healey when he accused Thatcher of "glorifying in slaughter" in the Falkland Islands War.

"Callaghan's statement is probably one of the most damaging things that has happened to Labor in this election," Prescott said. "We should be talking about jobs, jobs, jobs. Instead we're going off on defense and other things."

Prescott left the thought unsaid, but there is a growing suspicion here that the right wing of the Labor Party, represented by Callaghan and Healey, wants Labor to be soundly defeated at this election.

Labor cannot win, the theory goes, so let it lose badly enough that the post-election blood-letting will result in the left-wing radicals' splitting off from the party. Labor then would return to the center-left of British politics and recapture some of those who have joined the Social Democratic Party.

Certainly in this traditional Northeast Labor stronghold, a city which gave Labor its third-best result in last month's local elections (57 percent to the Tories' 28 percent), there is a lot of unhappiness.

"I've always voted Labor, but I'm inclined to spoil my ballot on Thursday," said Ian Jones, 36, the deputy principal of a junior high school. "I don't like this hard line the left wing has pushed on the party. I'm for disarmament, but they want to nationalize the banks and spend our way out of trouble."

Like the rising middle class in this country, Jones owns his home and wants to keep what he has worked for. His socialism is based on intellect, but even among the "working class," who are inattentive Labor voters, there is considerable skepticism.

"I'll vote Labor," said 47-year-old

Syd Shepherd, a storekeeper in a local engineering firm, who rents his home on a neighboring public housing estate. "My father voted Labor, and my grandfather before him."

But did that mean he wanted Michael Foot as the next Prime Minister, did he want unilateral nuclear disarmament as Labor proposes, or wholesale nationalization, or massive public expenditures? Wouldn't he like the opportunity to own his home, like the neighbor whose grass he was cutting?

"Oh, Harry (the neighbor) votes Labor," Shepherd answered. "But I do think people should have the chance to buy their own homes (contrary to Labor policy). And I don't know that they're right on this disarmament. I don't know that we should give it all up unless the Russians do, too (contrary to Labor policy)."

"That's the damage Callaghan has done," said MP Prescott. "There are two main problems for Labor voters in this area. One is defense. The other is leadership. Michael Foot is seen as a kindly man, but he doesn't cut it as a leader. That's one thing you can't say about Maggie Thatcher. She is a decisive leader."

Labor has been trying to bring the campaign back to jobs and the economy, and it did succeed over the weekend in focusing media attention on a leaked government document outlining a "worst case scenario" of Britain's economic prospects in the next few years, and on a March for Jobs which started in Glasgow and concluded in London's Hyde Park. Some 250,000 were purported to have attended, but typical of the party's sputtering campaign, only about 20,000 were counted by police.

Part of Labor's problem is that, for all its concentration on the nation's 3.2 million unemployed, there is little evidence of real suffering, thanks to an institutionalized welfare system that Thatcher's Conservatives have rarely tinkered with.

In a nation where an unemployed father of two children draws 85 percent of the pay he would get on average male manual earnings, where 17-year-old employed youths can get 60 percent of the adult wage for the same job (compared with 17 percent in low-unemployment Switzerland), there is little real fire in the Labor belly.