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Housing a Metaphor for Social Inequality

The Government's review of social housing launched on Tuesday promises one of the biggest shake-ups of the sector in twenty years. The review report - '*Ends and Means: The Future Roles of Social Housing in England*' - produced for Communities Secretary Ruth Kelly by London School of Economics academic Professor John Hills - is the culmination of six months of research and consultation across the country.

Hill's report signals major changes in social housing - a catch-all term for the country's 4 million council and housing association homes. Since Birmingham has one of the largest concentrations of social housing in England - more than 68,000 council homes and 40,000 managed by charitable housing associations representing 27 percent of the city's total housing compared to 20 percent for the West Midlands and 18 percent for England overall - the Hills' proposals affect the city disproportionately and set challenges to local social housing providers.

Chief amongst the headline-catching proposals are the creation of more 'mixed' neighbourhoods in terms of home ownership and social renting and the inevitable greater mixing of income groups.

Hills recommends that social landlords like the city council and Birmingham's 50 housing associations should try to unravel the concentration of poverty on many social housing estates and reverse decades of social polarisation by requiring social landlords to sell or rent-out vacant homes on a commercial basis. Proceeds from sales and market rents would be used to buy properties in higher income areas for social tenants.

This has particular resonance across Birmingham. Looking at the housing breakdown of the 640 Birmingham neighbourhoods used for the Census 2001 shows that 14 percent have social housing as the majority tenure. Conversely, one in ten neighbourhoods have more than 90 percent concentration of home ownership. This means that around one quarter of all the city's neighbourhoods are socially polarised as defined by Hills.

Investigating Exclusion, Promoting Solutions, Building Futures

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There is very little in the report to address chronic housing shortages in Birmingham and the wider West Midlands. The Government's own figures predict that the West Midlands will see an increase of 16 percent in the number of households living here over the next two decades. And although now on a downwards trend, both homelessness and the number of people on social housing waiting lists are higher than a decade ago.

But Hills sees these supply and demand issues as beyond his remit and prefers to concentrate on tackling perceived dissatisfaction with social housing. While satisfaction amongst tenants is actually higher than for many private service industries such as fuel and water, Hills still wishes to offer 'a more varied menu' of housing choices to existing social housing tenants and new entrants into the sector to tackle dissatisfaction.

Fixed term tenancies, regular means-testing of tenants, and providing more choice to those presenting themselves as in housing need are also being considered by Government as a way of freeing-up scarce social housing.

Tenants who can afford the various Government low-cost home ownership options offered will be encouraged to move out of social housing altogether or to buy as little as a 10 percent stake in their existing homes, so aiding economic and social mobility and reducing inequality between social renters and home owners. Although how this aids mixed communities is unclear.

One of the report's primary achievements is to highlight the growing divide between the relative wealth of home owners and tenants. Tenants are not only left being behind in the income and employment stakes but also in the accumulation of assets. Research by the Birmingham-based Human City Institute, which is due to be published in March, highlights this issue.

In England today, housing is the most frequent means of accumulating wealth as house prices have continued to rise above inflation for more than a decade. The housing wealth of home owners after mortgages are taken into account is now more than £2.6 trillion, representing a fifty-fold increase since 1971. The average home owner has more than £90,000 in unencumbered housing wealth, yet social housing tenants have average savings of only £800 and two fifths have no assets at all.

The review predicts that cascading housing wealth down the generations of home owners while tenants have nothing to pass on to their children, not even a secure tenancy, will amplify housing inequalities and make the Government's fight to end child poverty more difficult.

Unfortunately, these trends, highlighted by the review, will do nothing to challenge the often misguided view that social housing is a tenure of last resort in cities such as Birmingham and the portrayal of tenants as second class citizens within a wider society that increasingly venerates home ownership.

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