Introduction: Neoliberal housing policy – time for a critical re-appraisal

STUART HODKINSON  
*University of Leeds, UK*

PAUL WATT  
*Birkbeck, University of London, UK*

GERRY MOONEY  
*The Open University, UK*

**Abstract**  
This paper introduces the themed section of *Critical Social Policy* on social housing, privatization and neoliberalism. In tracing the key elements in the development of privatization and residualization since 1979, it argues that these can only be fully understood as part of a wider neoliberalizing agenda, an agenda that is driven by a particular class project. The paper also seeks to re-assert the importance of a critical approach to successive decades of social housing policies in the devolved UK, arguing that the classed basis of housing privatization policies has been largely overlooked by academics in favour of an evolutionary and ‘modernizing’ framework which isolates developments in social housing provision from other wider shifts in social welfare and in labour markets. Understanding such processes, it is claimed, is a necessary step in the development of a more socially just and sustainable form of housing provision.

Corresponding author:  
Email: s.n.hodkinson@leeds.ac.uk
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Introduction

The privatization of public housing in the United Kingdom is arguably one of the most iconic and significant applications of neoliberal policy worldwide and has been central to the transformation of UK society over the past three decades. In 1979, the year of Margaret Thatcher’s election victory, the UK’s public rented housing stock stood at some 6.5 million homes, providing the least expensive and most secure shelter for around a third of the population as a mainstream tenure of choice. It was also the cornerstone (or ‘wobbly pillar’ according to Malpass, 2005) of a wider post-war housing–welfare ‘deal’ in which government committed to meet housing need, regulate the private rented sector and, with the 1977 Homeless Persons Act, provide lifetime tenancies to the most vulnerable homeless groups (Hughes and Lowe, 1995).

Today, much of this protective shield against exploitation and injustice stands dismantled and what remains is once again under assault. The papers in this themed section of Critical Social Policy on housing policy and neoliberalism provide a much-needed and overdue critical appraisal of both the housing privatization policies that got us to this point and the dystopian housing future being ushered in by the Coalition Government as part of its delusive ‘Big Society’ vision. In what follows, we locate these contributions in their academic and policy context and briefly summarize their main arguments before sketching out a way forward for a renewed critical housing studies.

Whither critical housing studies?

There has, admittedly, been no shortage of attempts by academics to analyse and explain the past 30 years of housing privatization policies (Cole and Furbey, 1994; Forrest and Murie, 1988; Glynn, 2009; Jones and Murie, 2006; Malpass, 2005; Pawson and Mullins, 2010). Alongside Capital and Class and Environment and Planning A, in its early years Critical Social Policy played a vital role in both deconstructing key legislative developments – such as Norman Ginsburg’s (1989) forensic demolition of the 1988 Housing Act – and stimulating lively intellectual debates on Thatcherism’s housing agenda from a broadly socialist perspective.

One such debate concerned the left’s approach to the Right to Buy (RTB) and the political pros and cons of fighting an ‘anti-sales campaign’ (Ginsburg, 1981; Harloe, 1982; Jacobs, 1981a, 1981b; Karnavou, 1981). Sidney Jacobs and Michael Harloe shared the view that the anti-sales campaign was futile,
potentially divisive, missed the wider alienated experience of council housing among tenants and failed to challenge the real drivers of both privatization and the housing crisis. Norman Ginsburg and Eleftheria Karnavou accepted their critical approach to council housing, but countered that, however politically difficult, an anti-sales campaign was vital for defending both the existing public housing system and working-class interests from the wider free market capitalist assault. What is fascinating about these exchanges, as well as how educational they still are today, is their overarching focus, their rootedness in class politics, their commitment to generating socialist strategy and finding common ground and their determination to challenge the remit and results of government policy by highlighting social and power inequalities.

However, as the decades have passed, this treatment of housing policy and experience has declined in the pages of Critical Social Policy and other journals, reflecting perhaps the wider shift away from class analysis in the field of housing studies (Watt, 2011). This has led to the dominance within the discipline of an evolutionary and undialectical ‘modernization’ framework that largely decouples policy developments from broader paradigmatic shifts in capitalism and social welfare while downplaying the role of socio-political contestation (see Malpass and Victory, 2010; Pawson, 2006; Pawson and Mullins, 2010). But it also reflects the neoliberalization of the academy: like the ‘embedded journalists’ of today, housing academics have become increasingly co-opted within policy-making and practitioner circles, abandoning genuinely critical and independent scholarship in favour of empiricism and pseudo-scientific consultancy work (see Allen and Imrie, 2010). Consequently, existing understandings of the past 30 years of government housing policy are grossly inadequate to today’s crisis context and in desperate need of critical revision.

It was against this background that Stuart Hodkinson organized a conference at the University of Leeds in July 2010 entitled ‘Housing Privatization, 30 Years On: Time for a Critical Re-appraisal’, sponsored by the British Academy. The event was deliberately timed to coincide with the thirtieth anniversary year of the 1980 Housing Act (England and Wales) and the Tenants Rights, Etc. (Scotland) Act, which gave local authority tenants the statutory ‘Right to Buy’ their homes at vastly discounted prices that would spearhead the privatization project for at least the next decade. The conference brought together academics, tenant activists, housing workers, and community architects with the aim of offering critical perspectives on the changes to housing and welfare under both Conservative and New Labour governments over three decades.

Two academic contributions from the conference offering new critical analyses of housing privatization are showcased in this issue (Blandy and Hunter; Smyth), while a third paper (Hodkinson and Robbins) analyses the fast-developing Coalition Government housing policy. These papers, and the rich and varied contributions to the conference, take a very different
perspective to the evolutionary modernization thesis, viewing the transformation of public housing as part and parcel of a much wider, albeit spatially uneven, process of ‘neoliberalization’ across the public sector, welfare provision and labour markets (Fuller and Geddes, 2008; Wilks-Heeg, 2009).

**Three decades of housing privatization**

Tracing the definitive origins and beginnings of housing privatization in the UK is no straightforward task. Tempting as it is to see the 1979 Conservative government as the genesis moment, in reality, the spectre of privatization has haunted public housing ever since its 19th century origins. Prior to the 1909 Housing and Town Planning Act, local authorities were obliged to sell housing they had either acquired to improve or built themselves in slum clearance within 10 years (Merrett, 1979). Although all post-war governments built council housing in huge numbers in response to the historically specific needs of capital accumulation and the balance of class forces between capital and labour (Ball, 1982), many local authorities sold council housing to tenants at reduced market prices and Conservative governments always sought to boost these discretionary sales (Forrest and Murie, 1988).

Nevertheless, 1979 undoubtedly marked the decisive turning point in public policy towards housing. Taking advantage of the global capitalist crisis of the 1970s that ruptured the Keynesian class ‘deal’, and the Labour government’s introduction of austerity under the conditions imposed by the International Monetary Fund’s (IMF) bailout deal following the sterling crisis, the election of Margaret Thatcher brought the implementation of a neoliberal project aimed at transforming the entire housing system, not simply privatizing the existing public stock and ending the role of the state in directly meeting housing need.

During their period in opposition between 1974 and 1979, the Conservatives set up no fewer than three housing policy groups, supported by the Conservative Research Department, with membership drawn from the Shadow Cabinet, the backbenches, experts and industry representatives, to formulate a broad housing strategy underpinned by specific policies. Significantly, the task of the Public Sector Housing Group was to align privatization within a wider austerity and pro-property agenda by assessing how to re-orientate public sector housing policy to ensure … substantial reduction in public expenditure whilst ensuring those unable to provide for themselves are looked after [and] impetus … to the growth of owner occupation. (Conservative Research Department, 1976: 1)

But these strategists were also concerned with using housing as a political weapon to weaken the Labour Party, and sought to move into the labour
movement’s traditional ground in a move that foreshadowed today’s Conservatives’ ‘big society’ appeal:

The Conservative Party needs to attempt to negate the existing close affinity of the Labour Party with council tenants. We believe encouragement should be given to tenants’ co-operatives and a model tenants’ charter defining the responsibility of local authorities to their tenants should be considered. (Conservative Research Department, 1976: 3)

The ensuing housing privatization strategy initially rested on two mutually reinforcing mechanisms that dominated the first two terms (1979–83, 1983–87) of the Conservative government. The first and better known of these was the Conservatives’ flagship electoral policy of selling council houses to sitting tenants at generous discounts flanked by a raft of other supportive measures including financial deregulation to increase competition in the provision of mortgages (Crook, 1986). The genius of the RTB was that for the first time it gave tenants a statutory right to buy their council home, meaning local authorities now had a legal duty to sell and tenants themselves became the main agents of privatization.

The second, more insidious privatization mechanism was to simply turn off the tap of public investment in public housing through a combination of cuts and controls, with state support increasingly diverted into private home ownership and the private rental sector. Council housing suffered the largest share of government cuts to public expenditure, serving to make privatization even more attractive for both tenants and local authorities, especially as a new notional subsidy system further centralized ministerial power over councils and built in long-term rent increases (Malpass, 1990).

Despite the initial success and anticipated long-term role of the RTB, Thatcherism was not simply concerned with expanding home ownership at the expense of council housing, but about removing the town hall from the direct day to day provision and management of social housing. During the second half of the 1980s new privatization fronts were opened up designed to transfer existing public housing to alternative private and charitable landlords. Many initiatives were defeated by tenants and local authority resistance (see Woodward, 1991), but the 1988 Housing Act marked a further deregulatory advance by ending local authorities’ statutory requirement to directly meet housing need and re-defining them as strategic ‘enablers’ (Hughes and Lowe, 1995: 38).

With councils’ ability to manage and repair their housing increasingly constrained by the slashing of housing budgets accompanied by strict financial controls on local authority borrowing (Malpass, 1990), a small number of mainly Conservative-led rural authorities in the South of England began selling off their entire housing stocks to existing and specially formed housing associations, a process also motivated for some by the incentive of ‘generating very large proceeds from the sale of housing stock’ (Hughes and
After 1992, this process of Large Scale Voluntary Transfer – better known as ‘stock transfer’ – was turned into a national government programme and by 1997 around 280,000 dwellings and tenant households had been ‘voluntarily’ transferred to the housing association sector (Malpass and Mullins, 2002). Responsibility for building new social rented housing was simultaneously passed to housing associations with increased reliance on private finance, stimulating the long-term centralization and commercialization of the non-profit sector (Ginsburg, 2005; Walker, 2001).

By the time of New Labour’s landslide victory at the 1997 General Election, public housing building had fallen from 75,000 homes a year to just 1540 (DCLG, 2012), with over 1.8 million council homes (1 in 4) sold to sitting tenants, helping to expand home ownership from 57% to 68% of UK households. Far from seeking to derail the Conservative’s demunicipalization train, New Labour jumped on board, setting a target of transferring 200,000 council homes a year while experimenting on a much smaller scale with the Private Finance Initiative (PFI) for particular council estate or stock refurbishment schemes (Hodkinson, 2011).

Under New Labour, re-enclosing urban space through state-led, market-driven ‘regeneration’ policies was thrust to the centre-stage of neoliberalization (Smith, 2002). Urban working-class neighbourhoods were deliberately targeted for gentrification by replacing apparently ‘obsolete’ terraced and estate housing (and its apparently ‘obsolete’ inhabitants) with new private housing developments attractive to middle-class households (Lees, 2011; Urban Studies, 2008; Watt, 2009). This approach was pursued most clearly in Labour’s Housing Market Renewal Pathfinder programme, launched in 2003, which identified specific urban areas of northern England, most famously Salford and Liverpool, as suffering from so-called ‘housing market failure’ that could only be solved by large-scale demolition, displacement and class re-placement funded and facilitated by the state (Allen, 2008).

Significantly, as Smyth’s article on stock transfer demonstrates, the residents of public/social housing estates and other inner-city areas have themselves often taken a sceptical if not antagonistic stance towards housing and regeneration policy (Allen, 2008; Cumbers et al., 2010; Davison et al., 2012; Glynn, 2009; Watt, 2009) as well as ‘remaking community’ (Wallace, 2010). Sadly, the agencies and voices of contestation have been all too often marginalized both in the policy process itself and in mainstream academia, as can be seen for example in relation to campaigns against stock transfer (Mooney and Poole, 2005; Watt, 2008).

But this resistance reminds us that neoliberalization is not an inevitable one-way street, but is instead spatially and historically uneven both within the UK and globally (Annetts et al., 2009; Leitner et al., 2007; Mooney and Law, 2007; Smith et al., 2008). For example, political devolution for Northern Ireland, Scotland and Wales has led to greater policy divergence. This
is particularly the case with respect to Scotland where housing policy, long under the control of the Scotland Office and now devolved to the Scottish Government and Scottish Parliament, has recently taken an important turn under the Scottish National Party (SNP)-led government away from the dominant privatization agenda. This welcome policy shift is headlined by new restrictions on the RTB since 2010, but as McKee and Phillips point out (2012: 225), it comes after decades in which the overall social housing stock has been greatly reduced, not least due to the pursuit of housing stock transfer, particularly in Glasgow, under previous New Labour–Liberal Democrat coalition Scottish governments (1999–2007). Other policies that promote tenure mix and social cohesion also contradict the SNP’s plans to develop a new generation of social housing. However, there is currently no move, as in England, to marketize rents in Scotland and plans to build new social rented housing are being pursued.

Right to buy, stock transfer and the Coalition Government

The first paper in this themed section by Sarah Blandy and Caroline Hunter provides an analysis of the RTB, arguably ‘the most potent housing policy measure in the last quarter of the twentieth century’ (Jones and Murie, 2006: 219). The RTB was introduced in 1980, initially providing council tenants of three years or more standing with the statutory right to buy their home at discounts of between 33 and 50 per cent, with discounts and qualifying rights gradually increased over the 1980s. Blandy and Hunter offer a novel perspective, drawing on the work of Foucault (1991) and O’Malley (2004) to analyse the shifting nature of risks and risk calibration associated with RTB’s development since 1980.

They show how the risks to tenant purchasers have been differentially assessed, allocated and branded between government (the law makers) and the judiciary (the law adjudicators). The former, particular under Conservative rule, has sought to expand and normalize home ownership by re-branding risk as ‘opportunity’ at the same time as materially reducing the normal risks associated with buying a home by offering large discounts to council tenants that have not only reduced the need to borrow but also acted as a publicly subsidized capital gain. In contrast, the courts have tended to rule against tenant purchasers in legal disputes with local authorities over the allocation of risk and responsibility, in effect reinstating and upholding the riskiness of home ownership that central government has sought to cushion or camouflage.

This is followed by Stewart Smyth’s article analysing stock transfer from an accountability perspective whilst also incorporating the point of view of tenants to transfer. Stock transfer proved to be a key policy in exposing
the ideological fault lines around council housing as well as within the New Labour project given the significant numbers of Labour politicians and activists who regarded it as essentially a Conservative-inspired privatization policy (DCH, 2006; Ginsburg, 2005). Although largely unreported in the national media, council tenants collectively mobilized in a large number of towns and cities across the UK to oppose the circumscribed terms under which stock transfer was presented and operationalized in relation to the ‘three options’ for councils to achieve the Decent Homes standard under Labour, i.e. stock transfer, ALMOs (arm’s length management organizations) and PFI (Hodkinson, 2009).

In drawing upon the experiences of tenants involved in a stock transfer, Smyth’s paper illustrates the asymmetrical nature of power and finance in transfer processes with anti-transfer campaigns playing the David role to the pro-transfer lobby’s Goliath. Smyth’s case study questions how democratic the transfer process is and what the long-term implications for democratic accountability in the social housing sector might be. Drawing upon Harvey’s (2005) notion of neoliberalism involving governance by experts and elites, coupled with private sector inspired corporate governance forms of accountability, Smyth highlights how claims regarding the efficacy of post-transfer ‘tenant participation’ are largely rhetorical.

The final paper, ‘The Return of Class War Conservatism? Housing under the UK Coalition Government’ by Stuart Hodkinson and Glyn Robbins brings the story of housing privatization up-to-date. The ongoing welfare reforms concerning Housing Benefit across the UK, when considered alongside new legislation for England and Wales on social housing funding and tenure, will almost certainly have a profoundly negative impact on the capacity of low-income households to remain resident in certain cities and towns (DCLG, 2010; Fenton, 2010; Hamnett, 2010; Clark, 2010). Hodkinson and Robbins argue that the Conservatives’ ‘big society’ programme marks an opportunity for renewed privatization and the further residualization and neoliberalization of social housing provision, couched in a language which talks of choice and opportunity (see also papers in Critical Social Policy, 2012: vol. 32, no. 3). This represents a return to a ‘class war conservatism’, whereby social housing becomes more expensive, new waves of gentrification and stock transfer take place, leading to a rapid growth in insecure and unaffordable housing, with all the social consequences that this entails.

Conclusion: What is to be done?

In the next few years we are likely to see a growing housing crisis as increasing numbers of middle and lower-income households find that they no longer have the resources to become owner-occupiers (or to maintain mortgage burdens) nor
access to public housing (as less and less becomes available via new building and relets). If it becomes clear that the present market dominated system can no longer deliver a rising standard of housing provision for the majority ... political support for more radical change may grow. But such support is only likely ... if the changes proposed do not involve the improvement of the position of the worst off at the expense of those who have achieved a basic standard of good housing, while leaving those who really benefit from the market system – the financiers, landowners, builders and distributors – untouched. (Harloe, 1982: 41–42)

Michael Harloe wrote these prescient words more than three decades ago but even he probably did not imagine just how devastating the next three decades of neoliberal housing policy would be for both UK society and the global economy. Although the UK has so far avoided the extremities of housing market collapse à la the United States, Spain and Ireland, we are sitting on a mortgage default time bomb. Repossession activity has been consistently strong since 2006 and it is estimated that up to 12% of the UK’s 11.3 million residential mortgages are receiving some kind of forbearance or special help (Bank of England, 2011). It is only government pressure on lenders to be lenient, lenders hiding the extent of their losses through leniency, and record low interest rates that are keeping a lid on the situation for now, but it is only a matter of time before the foreclosure crisis that has hit the United States (see Immergluck, 2009) takes hold here.

The ramifications of neoliberal housing policy go much further: first-time buyers locked out of home ownership by risk-averse lenders demanding huge deposits; a growing shortage of new homes with predictions that by 2025, the UK could have a shortage of up to 1.2 million homes, meaning a future defined by mass homelessness (Schmuecker, 2011); over five million people languishing on social housing waiting lists; and increasing landlord repossession claims for properties (Ministry of Justice, 2012). Such problems are acute in London where galloping rent rises in the private sector have left swathes of the capital unaffordable for even median income families (Shelter, 2012), while Olympics fever prior to the games in August 2012 has seen private landlords in east London resorting to Rachman-like tactics to cash in on the short-term demand for housing (Collinson, 2012).

Despite growing clamour for the UK government to take a more urgent and proactive approach to the housing crisis, there is no sign of a U-turn. Nor is there much evidence that a radical, mass-based housing movement is on the horizon. All of this was accurately predicted by many on the left three decades ago. So what is to be done now? And what contribution could a revived ‘critical housing studies’ make? In our view, the political task for socialists and others on the radical left remains exactly the same as in 1979 when the decisive neoliberal turn was made, and was set out clearly by Harloe in this journal in 1982:
The distortion of housing provision, so that the tenure system becomes not a means of satisfying housing needs but an element in the structuring and reinforcing of social inequality, stems from the fact that it is a commodity and a source of capital accumulation. The basis for any radical alternative to the present system should be the progressive removal of housing production and distribution from the market, without removing (indeed enhancing) the present ability to choose between tenures. Socialised housing need not imply an attack on the individual ownership of housing, it does imply an attack on the provision of housing as a commodity whether it be owned or rented. (Harloe, 1982: 40)

There is no shortage of ideas out there about how we can decommodify the social relations of housing (Marcuse, 2009) nor a lack of belief that ‘another, more democratic, socially just and sustainable form of urbanization is possible’ (Brenner, 2009: 198; Harvey, 2012). It is vital that critical housing and urban academics, in our teaching as well as research, demonstrate that the commodification of housing is not regarded simply as following some kind of pre-determined iron law of history but instead as something that is made and can thus be un-made by human beings. We must re-commit our time, energy and resources to this mission, deconstructing the class interests behind government policy, following and exposing their societal effects, highlighting the perspectives of people feeling the sharp end of neoliberalization processes, and working collaboratively with campaigns and social movements to resist injustice and formulate alternatives.

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**Author Biographies**

Stuart Hodkinson is Lecturer in Critical Urban Geography at the University of Leeds. His main research is into neoliberal urban enclosure, focusing on housing and community privatization. He is currently leading an ESRC-funded project into residents’ experiences of council housing regeneration under the Private Finance Initiative.
Paul Watt is a Senior Lecturer in Urban Studies at Birkbeck, University of London. His research interests cover a range of urban-related issues including council/social housing, regeneration, neighbourhoods and community, gentrification, suburbia, youth and the 2012 Olympics.

Gerry Mooney is Senior Lecturer in Social Policy and Criminology, Faculty of Social Sciences, The Open University. His recent publications include Social Justice and Social Policy in Scotland, co-edited with Gill Scott (Policy Press, 2012).