

Swindon Tenants Campaign Group submission to Labour Party Social Housing Review

Please see below **Swindon Tenants Campaign Group's** submission.

1. How did we get where we are?

The housing crisis in Britain has its roots in the Thatcher government's 'right to buy' (RTB) policy, which Labour initially opposed. By the end of the 2016-17 financial year councils in England had lost 1,830,940 homes through RTB¹. Each home sold was lost rental income. This has driven up the cost of maintaining shrinking stock numbers. The growing shortage of council housing resulted from RTB sales and failure to replace homes sold. At the same time the growing gulf between earnings and house prices forced more and more people into the private rented sector (PRS). The phenomenal growth of the PRS was also facilitated by the introduction of assured short-term tenancies by Thatcher and later, New Labour's tax concessions to 'buy to let' landlords.

Labour's acceptance of RTB went hand in hand with its growing infatuation with home ownership. When in office from 1997 Labour's policy was prejudiced against council housing. It is no exaggeration to say that it aimed at *eradicating* council housing. It referred to it as "monopoly provision". It set itself a target of transferring 200,000 homes a year to housing associations. It stacked the cards against supporters of council housing by agreeing to write off debt so long as tenants voted for transfer but refused to write it off if they voted to continue with their council as landlord. A House of Commons Committee described this as blackmail.

The scale of the decline in council housing numbers is shown graphically by the table below, extracted from DCLG live tables.

UK Housing tenure

	1997	2010	+ or -
Council housing	4,415,000	2,316,000	-2,099,000
housing associations	1,147,000	2,591,000	+ 1,444,000
Combined total	5,562,000	4,907,000	-655,000

We can see here that despite support for housing associations, there were actually 655,000 fewer 'social housing' units at the end of New Labour's term of office than when they were elected in 1997. In England alone 484,000 council homes were sold under RTB when New Labour was in power. During their tenure in office 1,391,830 homes were lost to local authorities by way of RTB sales and stock transfers.

New Labour allowed the private rented sector to be largely unregulated, as a result of which it is the tenure with the highest level of non-decent homes. The shortage of council housing and the rising ratio of house prices to earnings forces people who cannot afford a mortgage into the private rented sector. Hence rents have outstripped earnings and inflation. New Labour allowed assured short-term tenancies to remain in place, with power in the hands of landlords to remove tenants with no-fault. The increase in the number of private rented homes during their time in office by 2.1 million, whilst 'social housing' decreased, is an indictment of the housing policy of New Labour.

Supporters of New Labour might point to investment in the shrinking numbers of council homes by way of the Decent Homes Standard. The policy certainly did make a big difference to the living

1 DCLG Live Tables 671

conditions of tenants, though it should be said that the standard itself is not very high. (See **Appendix 3**)

The so-called 'rent equalisation' policy was designed to undermine resistance to transfers by pushing council rents up to the level of housing association rents. If the rents were the same for council or housing association tenants then why would they bother opposing transfer?

As rents rose steeply more and more councils suffered 'negative subsidy' which meant handing over some of the rent they collected to central government. When the Audit Commission carried out a review of the 'housing subsidy system' in 2005 it found that 82% of councils had 'negative subsidy' and predicted that eventually *all* councils would suffer from it.

New Labour had to accept that the 'housing subsidy system' was unsustainable. It launched a review which came up with the proposal known as 'self-financing'. The positive aspect of it was that 'negative subsidy' would be ended and councils, it was said, would be able to keep all their rent. However, the downside was the 'debt settlement' which redistributed the so-called housing debt to local authorities; more than £13 billion extra 'debt' was loaded onto 136 local authorities.

The government refused to listen to calls for writing off the fictitious council housing debt despite the evidence assembled by the House of Commons Council Housing Group. In its report in 2009, *Council Housing: Time to Invest*, it showed that between 1994/5 and 2008/9 tenants paid £91 billion in rent yet councils received only £60 billion in 'allowances'². *Hence tenants have paid more in rent than the cost of the historic building programmes.*

Since Labour lost the 2010 General Election 'self-financing' was introduced by the Tories. The only difference was they increased the level of debt handed out to councils. Since 2012 Coalition and Tory policies have exacerbated the financial crisis of local authority HRAs. Whilst the debt New Labour proposed would have been lower it was still unjust because it failed to increase the money that councils had despite the results of a review they had carried out. The government asked the Building Research Establishment to examine the finances of management and maintenance of council housing. They found that in 2001-02 the Management & Maintenance Allowance (MMA) should have been £5.5 billion (to measure up to the needs of the work required) but it was only £3 billion. In 2004, in answer to a Parliamentary Question, the government admitted that "the 2004-5 level of allowance would have to increase by about 67% in real terms to reach the estimated level of need". However, the government ignored its own research and eventually determined that for 'self-financing' Major Repairs Allowance would be increased by 24% and the MMA by only 5%.

Since the Tories were elected in 2010 we have seen a broad offensive against council housing and council tenants. Their Affordable Homes Programme obliged councils applying for grant to charge "affordable rent" (AR) for new properties and to convert some 'social rent' homes to AR to help fund building programmes. Save for a tiny programme of 8,000 units of supported housing, the Tories abandoned financial support for 'social housing' in the second round of its programme.

As well as introducing the bedroom tax they allowed an end to secure tenancies and their replacement by 'fixed term' or 'flexible' tenancies. Although they have stepped back from implementing the extension of RTB to housing associations nationally, with enforced sale of 'higher value' council homes, they are implementing regional trials so the policy has yet to be killed off.

2. Definition – what should 'affordable' mean?

The coalition and Tory governments have subverted the meaning of the term 'affordable housing'. Not only does it include "affordable rent", up to 80% of market rents, but also the idiocy of shared ownership for which you have to pay rent and mortgage at the same time.

The term 'social housing' conflates council and housing association homes as if they were one and the same. However, whilst council tenants have the possibility of holding their landlord to account – they at least have the chance to vote them out of office – housing associations, for all

2 Each year government decided how much rent each council could keep.

the talk of their social purpose, are unaccountable businesses. So-called tenant board members are, in fact, legally accountable to the business rather than the tenants who they are supposed to represent.

The National Housing Federation capitulated to the government, accepting its extension of 'right to buy' to the sector, raising no objection to the enforced sale of 'higher value' council homes. They accepted the proposed handing over of their receipts (stealing council assets) to housing associations to compensate for the difference between RTB receipts and market value.

The NHF has also accepted the government's commercialisation of the sector, its abandonment of grant for 'social housing' and a turn towards building for sale on the market. The result has been a commercialisation of the sector, a growing trend towards mergers and the abandonment by some associations of their supposed social purpose.

Labour does not need to 'rebrand' so-called social housing. It is not selling a product. *It needs to concentrate resources on grant for new council house building on a scale which can begin to address the housing crisis.*

So far as rent is concerned Labour should oppose the government's proposal to reintroduce above inflation rent increases (CPI + 1% for five years). Labour's policy of rent equalisation not only put financial pressure on tenants, it drove up the HB bill. A return to above inflation increases will do likewise. It is counter-productive. Council rents should not be related to market rents but the cost of building (subsidised by grant) and earnings. Labour should defend 'social rent' and end so-called "affordable rent".

3. Standards – how do we secure decent standards in current and new social housing?

The standard of existing council housing is liable to deteriorate as a result of the *funding crisis of local authority Housing Revenue Accounts*. There are two main reasons for this crisis.

- The 'debt settlement' of 2012 and the cost of servicing what is fictitious debt;
- The impact of government policies since 2012 which have resulted in local authorities collecting far less rent than was projected in the 30 year business plans they had to draw up for 'self-financing'.

As you can see from **Appendix 1**, which shows the financial impact on a range of local authorities, they are losing hundreds of millions of pounds of rental income as a result of policies such as the four year rent cut and increased right to buy sales following the introduction of higher discounts and the reduction of the qualification period from five to three years.

The impact of these policies is reflected in the *Local Government Financial Statistics, England 2017*. In the last financial year alone the provisional data showed that councils collected £124 million less rent than the previous year, whilst their overall income fell by £312 million or 3.5%. Debt and interest charges remain at around 25% of annual income, at £2.097 billion.

There are many examples of cuts in the work which is necessary to maintain the quality of stock. In the case of Swindon a stock condition survey proposed that a 10 year programme of £7 million a year was necessary for structural works on 'non-traditional' (prefabricated) stock. However, the council is proposing to spend only £1.75 million next year and *nothing* for the three years after that (so that it can spend £15 million on high rise blocks). The stock condition survey considered the £7 million annual spend on non-traditional stock to be necessary in order to prolong its life. The absence of spending on this work threatens the future condition and longevity of this stock. Swindon has insufficient resources for competing priorities.

In the case of Kensington & Chelsea Council its HRA has a shortfall of £87 million for capital spending in just the next five years. We have shown the connection to the under-funding of HRAs

and the catastrophe of Grenfell Tower (See **Grenfell Tower: the deadly consequences of under-funding of council housing**³).

Reopening the debt settlement

The 'self-financing' settlement was introduced as part of the Localism Act of 2011. The Act gave central government the power to 'reopen the settlement' "if a change is made that would have a substantial, material impact on the value of the landlords business".

"The powers to implement self-financing in the Localism Bill provide for further settlement payments between local authorities and Government under certain circumstances. It limits such payments to cases where there has been a change in one of the factors taken into account in calculating the previous payment (i.e. expenditure, income and debt). This provision is necessary to protect both the Government and local authorities from being locked into a deal that, because of changes to policy affecting either a landlord's income or costs, no longer reflects a fair valuation and could have a material impact on viability. This could be a major change in national rental policy or a significant increase in the environmental standards expected of council housing.

In exercising the power in this clause, the Government would have to issue a further determination and consult on it. We only intend to use this power if a change is made which would have a substantial material impact on the value of the landlord's business."

Implementing self-financing for council housing February 2011

Government guidance gave the example of a change of national rent policy as a reason why the settlement could be reopened. There have been two such changes in national rental policy: the move from RPI to CPI+1% and then the 4 year rent cut. The Act gives the government the power to make 'payments' to local authorities, in effect to cut their debt. We believe that Labour needs to demand that

- The government utilise its powers under the 2011 Act to reopen the settlement and cut local authority debt in line with the amount of income councils are losing over the course of their business plans and
- Make its own commitment to cancel the debt which was not the result of actual borrowing but of manipulation by the Treasury. As the House of Commons Council Housing Group showed tenants are being fleeced by way of servicing fictitious debt.

Without such action the inevitable consequence of under-funding will be the deterioration of existing stock and hence the living conditions of tenants.

4. Building – how do we build the scale of social housing required?

We believe that Labour should commit to a target of building 100,000 council homes a year. Obviously councils cannot quickly achieve such a figure from the position they start from today, with only 3,000 a year at most being built. They currently do not have the resources to build on any scale. However, if grant was available on an annual basis specifically for council homes then councils could put together the teams to deliver on a much larger scale than they have done for many years.

There can be no return to a large scale council house building programme without central government grant on a scale that Labour has yet to commit to. From correspondence with John

³ <http://keepourcouncilhomes.wordpress.com/2017/06/21/grenfell-tower-the-deadly-consequences-of-under-funding-of-council-housing/>

Healey's office Labour appears to have no commitment to a specific number of new council homes. In response to a question as to how many council homes Labour was committed to building, we were told

"The exact proportion of rent/sale and exactly how many homes councils build will depend upon their choices once liberated from the cap on their housing revenue accounts."

This implies that borrowing will fund new building rather than grant. Moreover councils will have to compete with housing associations to bid for grant from the Homes & Communities Agency and some of it will be for part-rent/part buy; not just for 'social rent' homes. We have been told that under a Labour government we will see "the biggest council house building programme for 30 years". We checked how many were built 30 years ago and found that in England it was only 16,000. This is not the scale of ambition that we believe is necessary to tackle the housing crisis, in particular the chronic shortage of council housing.

John Healey's office told us that the level of grant available under a Labour government would be somewhere in the region of the £4 billion which was available under New Labour's National Affordable Homes (NAHP) programme in 2008. The same level of grant as 10 years ago would, of course, be worth far less today. Moreover, under the NAHP the highest number of council homes funded in any one year was only 3,080.

When Teresa May made her announcement about an extra £2 billion for "affordable housing", the DCLG suggested that this *could* provide 25,000 'social rent' homes with a grant of £80,000 per property. We know, of course, that there is no commitment to that from this government. In any case even if it was used to build 'social rent homes' this would be less than half the number of homes being lost each year under RTB.

We think Labour should commit to grant at £80,000 per property. This would require £4 billion a year for 50,000 homes, £8 billion for 100,000 homes. Such an ambition is necessary to tackle the housing crisis. Talk of dealing with the failure of the housing market misses the point. Council housing is not part of the market. So long as house building is dominated by commodity production the housing crisis will be protracted.

Large scale council house building would have an impact on the housing market. Currently there is a surfeit of people chasing after mortgages and private rented properties. Making tens of thousands and hundreds of thousands more council homes available would mean that people who are forced to try for a mortgage or live in the private rented sector would have the possibility of a council tenancy. This is likely to bring down the price of private rent and properties to buy.

With house building dominated by maximising profit rather than building for social need, developers and builders have created what academics have called "contrived scarcity" (See *Major house builders and "contrived scarcity" in housing*⁴). We are told that the customer is king in the marketplace. The producer is said to provide what the consumer wants, at the lowest price, providing 'choice'. The law of supply and demand is supposed to operate to the advantage of the consumer. The opposite is the case in the housing market. That's why house prices have continued to outstrip earnings, creating a crisis of affordability. Profitability comes before the interests of the buyer. Indeed there has been a phenomenal rise in profits for the nine largest companies, increasing from £372 million in 2010 to over £2 billion by 2015; an increase of over 480%. In 2015 the biggest five builders returned 43% of their profits to shareholders.

Help to Buy has been a big factor in the profits of the big nine. Academics Archer and Cole estimated that in 2014 50% of the mortgages associated with Help to Buy are related to homes built by the five top builders. It was somewhat disconcerting that Labour was committed to extending Help to Buy to 2027. This policy should be abandoned. We have explained elsewhere

⁴ <http://keepourcouncilhomes.wordpress.com/2017/01/15/major-house-builders-and-contrived-scarcity-in-housing/>

that there is a sting in the tail for buyers because of the annual fee after year five (rising by RPI inflation)⁵. Unlike a mortgage you are not borrowing a definite amount of money. You will have to pay the government 20% of the value of the home when you sell or the mortgage is finished, whatever the value.

The campaign Priced-out was certainly correct when it said;

“Help to Buy should really be called 'Help to Sell', as the main winners will be developers and existing home owners who will find it easier to sell at inflated prices. Pumping more money into the housing market with chronic under-supply has one sure-fire outcome: pushing up house prices. At best it may help a small number of new buyers, but it will mean housing becoming more expensive for all those that follow.”

“Borrowing to build”

At the very time when councils are under-funded as a result of the cost of servicing existing 'debt' and government policies are impacting on their rental income, increased borrowing by local authority HRAs is no solution to the council housing shortage. In 2012 the LGA and other organisations estimated that lifting the borrowing cap by £7 billion would enable councils to build an extra 12,000 a year for five years. This obviously didn't factor in changes in government policy since then which have undermined their finances. The 1% rent cut forced councils to scale back their building ambitions. For instance, Reading had to abandon its plans to build 1,000 homes over ten years because of the rent cut.

The demand for eliminating or raising the borrowing cap might suggest that councils have used up all their borrowing capacity and are demanding more because they have none left. Yet that is far from the case. By 2017 their collective borrowing capacity had risen by £736 million; to £3.592 billion from £2.856 billion⁶. This is an indication that councils have been very wary of taking on extra debt given the financial stresses they are under. As one Lead Member of a big authority recently said, “Why would I take on more debt when my revenue is declining?”

How much of their borrowing capacity have these councils used? Excluding those with a negligible borrowing capacity (e.g. £1,000) we find that of 44 councils only 12 have used 75% or more, 26 of them less than 50%.

Percentage of borrowing cap used

Less than 25%	25-49%	50-74%	75% plus
17	9	6	12

Those authorities that have taken on extra debt have increased it collectively by £834 million. However, just four authorities account for £413 million of this. Whilst in the five completed financial years from 2012 debt has been cut by £913 million, £500 million of this was actually debt cancelled by the government for five local authorities that transferred their stock to housing associations. Overall councils with HRAs still have £26 billion of debt to service. Taking on extra debt under these circumstances would simply eat into the insufficient resources they have to maintain the Decent Homes Standard (**See Appendix 2**).

Private developers and land value

Private developers are commonly striving to avoid obligations to include “affordable housing” in

5 See <http://keepourcouncilhomes.wordpress.com/2013/11/19/help-to-buy-a-mortgage-debt-escalator/#more-858>

6 This is from the government's COR4 data sets, 2016/17.

their projects on the grounds that it will make a scheme “financially unviable”. Labour should put a stop to this. Central government targets for house building should not be imposed on local government. Failure of councils to meet targets over which they have no control are being used by developers to wriggle out of “affordable housing” targets which local authorities have set as a matter of local policy.

Although it is contested by developers it is quite clear that they control land they have bought in order to maximise their profits. *If their domination is to be broken then councils need to be given the power to buy land at its use value price.* Once planning application is granted then the price of land rockets and that is reflected in the price of houses. It should be remembered that the Atlee government did just that; councils could buy land for its use value.

The average price of an hectare of land was £921,288 in 1997, the year New Labour was elected. By January 2008 it was £4,005,118. In London, of course, it was much higher, rising from £2,486,641 a hectare to £10,490,053. The crash brought prices down to £2.5 million by July 2010, £6,457,222 in London. But these are still historically high and a big factor in the increase of house prices.

Even the Financial Times recently recognised it's not in the interests of the big builders and developers to meet 'demand' for 'affordable rented' accommodation.

“The fact is that private developers, left to their own devices, will not build enough to meet demand, when the greatest need is for affordable rented housing in urban areas. It's not in their interests to do so, since the result would be lower house prices and land values, eroding their profitability.”

The housing crisis cannot be resolved by 'making the market work' but by expanding the building of non-market homes, that is council housing; in other words by *driving back the bounds of market production.*

5. Tenants and residents – how do we improve involvement, voice and rights?

So-called 'tenant participation' has paid lip service to involving tenants in decision making. However, too often 'consultation' is a means of councils going through the motions before they take the decisions they have already decided on. Tenant organisation is too often controlled/semi-controlled by councils. What is needed is independent tenant organisation which can only be built by tenants ourselves.

In some localities tenants are directly elected to the consultation bodies. For instance in Cambridge tenant reps on the Management Board are directly elected by tenants. Whatever the format tenants should be elected and accountable to those they are supposed to represent.

In relation to 'tenants reps' on housing association boards, they are currently legally accountable to the business. They should be accountable and recallable to the tenants who elect them.

6. Concluding remarks

The Conservative government has spoken of “fixing the broken housing market”. In reality the housing market cannot be made to serve the needs of a wide section of the population who cannot afford a mortgage. The developers and the big building companies that dominate the market are not interested in serving social needs. They use the current regulations to avoid having to build “affordable housing” on the grounds that it makes their projects “commercially unviable”.

One of the policies which the Atlee government applied which has been forgotten was its restriction of the amount of building of homes for sale to 20%. Private builders had to apply for licences to build homes for sale. Whilst Labour might not countenance such a thing today, what is essential, if the housing crisis is to be addressed, is a conscious policy of *shrinking the reach of the*

housing market. This can be done by Labour making a commitment to fund a large scale council house building programme, as we have outlined above. So long as house building is dominated by commodity production then the developers and the major house builders will maintain their grip on the market.

Council housing is not part of the market but *outside of it*. The larger the programme of building new council housing then the more the private market will shrink because many of the people who are forced to try for a mortgage or rent privately will be able to obtain a council tenancy. New Labour's housing philosophy encouraged the belief that home ownership was 'natural' and preferable to council housing. They reinforced prejudice against council housing and council tenants which Thatcher's policy encouraged. *Labour needs to break decisively with New Labour's housing philosophy*.

What Labour's policy should be:

1. Labour should overturn coalition and Tory policies. This should include, ending "affordable rent", reinstating secure tenancies (ending 'flexible tenancies'), ending the bedroom tax. Labour should oppose the reintroduction of above inflation rent increases from 2020 (CPI+1%). It should commit to stopping the extension of 'right to buy' and the forced sale of 'higher value' council homes.
2. Labour's *first priority* should be a mass council house building programme aiming to build 100,000 council homes a year. Grant should be set at £80,000 per property.
3. Labour should press the current government to reopen the 2012 council housing 'debt settlement' and at least cut the 'debt' in line with the income lost by councils as a result of government policies since 2012. Labour should commit to cancelling the fictitious council housing debt if elected to office.
4. Council rents should be related to earnings not to market rents. 'Social rent' should be maintained. There should be no above inflation increases.
5. Councils should be able to buy land at use value so that the benefits of development are accrued by councils rather than developers and builders.
6. Labour should abandon support for 'Help to Buy'. The best mechanism for bringing down house prices and lowering rents in the private sector is a large scale council house building programme. If more and more people have the possibility of a council tenancy then the private market will become less a sellers market.

Appendix 1

Here are some examples of the financial crisis faced by council HRAs.

- **Brighton.** The rent cut will reduce resources by £14.1 million over four years with a cumulative reduction in resources of £223 million over 30 years compared to previous business plan assumptions.
- **Bristol.** The council estimates that it can balance its budget up to year 16 of its business plan but from year 17 to 30 it will have a funding gap of £210 million for capital spending (i.e. for renewal of key housing components).
- **Hammersmith & Fulham.** £76 million of necessary major works was postponed as a result of the shortage of resources.
- **Kensington & Chelsea.** Such was the impact of government policies on their finances that over the next five years the HRA has £87 million less money than required for crucial capital spending. They have only £59 million available for £146.1 million of necessary work.
- **Lambeth.** The four year rent cut means a loss to the HRA of £80 million. A deficit of £190 million is forecast by the end of the HRA business plan.
- **Leicester.** The council's budget document for this financial year states that "The combined impact of

rent reductions and reducing stock will result in £2.96 million less income in 2017/18 compared to the previous year, rising to £11.4 million a year in 2019/20. By 2019/20 annual income will be reduced by 14.2%.”

- **Leeds.** The council says in relation to the rent cut: “When compared to the level of resources assumed in the last approved Business Plan, the rent reduction policy equates to a loss of £283 million of rental income over a ten year period.”
- **Newham.** The rent cut will result in the loss of £33 million by 2020. Potential loss of rental income over 30 years of £488 million.
- **Newcastle.** The council estimates it will lose £593 million over the course of its 30 year business plan as a result of the cumulative impact of the four year rent cut.
- **Nottingham.** The council's capital investment programme will fall from £61 million in 2017/18 to £33 million in 2020/21 as a result of shrinking resources.
- **Reading.** As a result of the 4 year rent cut the HRA will lose an estimated £233 million over the life of the business plan. Their plan to build 1,000 homes over 30 years is no longer affordable.
- **Sheffield.** Capital expenditure will fall from £70 million a year in 2016/17 to £55 million in 2021/22. Because of the loss of income it will “extend life cycles”; that is components will not be renewed when they should be.
- **Swindon.** The council is estimated to take in £362 million less rent over the remainder of the business plan compared to its 2012 projections.

Appendix 2

Table 1. Debt and 'Borrowing Headroom'

	Debt	Borrowing Headroom
2012	£26.933 billion	£2.856 billion
2017	£26.019 billion	£3.592 billion
+ or -	- £913.229 million	+ £736 million

Table 2: Debt: comparison between 2012 and 2017

Debt increase – no of authorities		Debt decrease – no of authorities		No change
< than £1 million	14	< than £1 million	17	
£1 million to < £5 million	18	£1 million to < £5 million	27	
£5 million to < than £10 million	8	£5 million to < than £10 million	19	
£10 million to < than £20 million	9	£10 million to < than £20 million	25	
£20 million +	10	£20 million +	19	
No of authorities	59	Number of authorities	107	4
Total increase £834.355 million		Total decrease £1.747 billion		

Table 3: Borrowing Headroom: comparison between 2012 and 2017

Increase – no of authorities		Decrease – no of authorities		No change
< than £1 million	20	< than £1 million	10	
£1 million to < £5 million	29	£1 million to < £5 million	16	
£5 million to < than £10 million	24	£5 million to < than £10 million	5	
£10 million to < than £20 million	23	£10 million to < than £20 million	11	
£20 million +	17	£20 million +	11	
Total	113		53	3

Table 4: Percentage of borrowing cap used

Less than 25%	25-49%	50-74%	75% plus
17	9	6	12

Appendix 3

This is the Decent Homes Standard as explained by Swindon Council.

Decent Homes Standard

“A decent home meets the following four criteria:

a) It meets the current statutory minimum standard for housing

Dwellings which fail to meet this criterion are those containing one or more hazards assessed as serious ('Category 1') under the Housing Health & Safety Rating System.

b) It is in a reasonable state of repair

Dwellings which fail to meet this criterion are those where either:

- one or more of the key building components are old and, because of their condition, need replacing or major repair; or
- two or more of the other building components are old and, because of their condition, need replacing or major repair.

c) It has reasonably modern facilities and services

Dwellings which fail to meet this criterion are those which lack three or more of the following:

- a reasonably modern kitchen (20 years old or less);
- a kitchen with adequate space and layout;
- a reasonably modern bathroom (30 years old or less);
- an appropriately located bathroom and WC;
- adequate insulation against external noise (where external noise is a problem); and
- adequate size and layout of common areas for blocks of flats.

A home lacking two or fewer of the above is still classed as decent, therefore it is not necessary to modernise kitchens and bathrooms if a home meets the remaining criteria.

d) It provides a reasonable degree of thermal comfort

This criterion requires dwellings to have both effective insulation and efficient heating.

It should be noted that, whilst dwellings meeting criteria b, c and d are likely also to meet criterion a, some Category 1 hazards may remain to be addressed. For example, a dwelling meeting criterion d may still contain a Category 1 damp or cold hazard.”