

Subject: Rapporteur Review of Overcrowding in London's Social Rented Housing

Report to: Planning and Housing Committee

Report of: Executive Director of Secretariat

**Date:
13 October 2010**

This report will be considered in public

1. Summary

- 1.1 Invited experts will join the Committee to discuss issues arising from the work to date on Andrew Boff AM's rapporteur review of overcrowding in London's social rented housing. The review has been testing the hypothesis that increasing the supply of larger family homes would effectively tackle the housing problems of more Londoners in overcrowding.

2. Recommendation

- 2.1 **That the Committee notes the content of this report as a background to discussing with invited experts issues arising from the work to date on the rapporteur review of overcrowding in London's social rented housing.**

3. Background

- 3.1 On 22 June 2010 the Committee approved Andrew Boff as rapporteur to carry out a review of overcrowding in London's social rented housing. The proposal was agreed by Business Management and Administration Committee on 29 June. The full details of the scope of the review were set out in the agenda report here:
<http://legacy.london.gov.uk/assembly/planning/2010/jun22/item05.pdf>
- 3.2 The review is seeking to test the hypothesis that:
- Increasing the supply of larger family homes would effectively tackle the housing problems of more Londoners in overcrowding.*
- 3.3 At the time of approval Members expressed an interest in contributing to the review at some point through a meeting of the full Committee.
- 3.4 It is suggested that for this item Andrew Boff AM is invited to lead the discussion and present initial findings of the review. The Committee will have the opportunity to question the invited experts on the issues explored to date that will form the basis of recommendations to be agreed in the final report

4. Issues for Consideration

Overcrowding in London

- 4.1 Around 207,000 of London's households are overcrowded. London's overall overcrowding rate has risen from 5.4 per cent of households in 1995/1998 to 6.8 per cent of households in 2005/08. This followed a period where overcrowding had been declining. In comparison, the overcrowding rate in the rest of England has remained at just under 2 per cent over the same period¹.
- 4.2 Around 102,000 of London's overcrowded households (49 per cent) live in social housing, with the remainder split roughly evenly between owner occupied and privately rented accommodation. Of those households in social housing 11,000 are severely overcrowded.
- 4.3 The **rate** of overcrowding in social housing, at 12.7 per cent is much higher than in private rented accommodation (9.8 per cent) or owner occupation (3.0 per cent)².
- 4.4 The problem affects larger households disproportionately. In London, the overcrowding rate was less than 2 per cent for households with less than three people, compared with 33.2 per cent for households with five or more members³.
- 4.5 The Mayor's Housing Strategy contains Policy 1.3E that sets a target for reducing overcrowding in London's social housing:
By 2016, the level of severe overcrowding in social housing should be halved, with 12,000 under-occupiers having moved to a smaller home.
- 4.6 To achieve this it is the Mayor's aim to increase the proportion of family-sized affordable homes, so that 42 per cent of new social rented and, by 2011, 16 per cent of new intermediate homes provide for families needing three bedrooms or more. The policy also contains a commitment to "exceed these targets in future years".
- 4.7 The Mayor has said that "while investment in more family-sized social rented homes has to be a priority, this will neither entirely solve the problem of overcrowding for many years to come, nor necessarily fulfil the aspirations of social tenants"⁴. In order to supplement the home building target the Mayor published a London Action Plan to tackle overcrowding, setting out how the targets will be achieved and monitored, in June 2010.
- 4.8 The Action Plan promotes other approaches to reducing overcrowding "including investment in conversions or extensions of existing social housing to provide larger homes, or in situ improvements to mitigate the impact of overcrowding. There will be a renewed focus on maximising the use of the existing housing stock, including measures to incentivise under-occupiers to move to a smaller home and concerted action to reduce housing tenancy fraud"⁵.

¹ The most up to date and reliable estimates of overcrowding come from the government's Survey of English Housing, which gives numbers of overcrowded households by region based on a rolling three-year sample. The indicator used is the bedroom standard. In April 2008, a new survey - the English Housing Survey - replaced the Survey of English Housing. The first results at regional level from the EHS will be available in autumn 2010.

² Department for Communities and Local Government, Housing in London 2007-08

³ <http://www.communities.gov.uk/documents/statistics/pdf/1346249.pdf>

⁴ <http://legacy.london.gov.uk/mayor/housing/strategy/docs/london-housing-strategy10.rtf>

⁵ Mayor's housing strategy, February 2010

Work to date

- 4.9 In addition to receiving written statements from more than 40 organisations, the rapporteur held seven informal meetings during August 2010 with the following experts:
- June Barnes, Chief Executive, East Thames Group
 - Brian Johnson, Chief Executive, Moat Housing
 - Paul Downie, Deputy Director for Housing Management, and David Clayton, Head of Overcrowding, Department of Communities and Local Government
 - Rachael Orr, London Campaigns Manager, Shelter
 - Abigail Davies, Head of Policy, and Joyce Batten, London Branch Committee Member, Chartered Institute of Housing
 - Alan Benson, Head of Housing and Homelessness, Greater London Authority
 - Grahame Hindes, Chief Executive, Octavia Housing
- 4.10 Members have been circulated a detailed record of these meetings along with a summary of the main points discussed to date. The sections below summarise the emerging key issues from the review and will form the basis of this meeting's structured discussion.

Issues identified to date

Response to the hypothesis

- 4.11 Experts agreed that more new family sized houses needed to be built in London. However, they have generally qualified this by putting forward the view that building a greater number of family sized housing is only "part of a patch-work" in tackling overcrowding in social rented accommodation. Overcrowding in London is a more complex issue and other factors need to be taken into account.
- 4.12 Building new family sized homes would need to take place alongside other measures to tackle overcrowding due to the limited amount of funds available and the length of time it takes to build new homes.

Financial obstacles to building larger homes - HCA grant regime

- 4.13 Current financial circumstances make home building even more dependent on Homes and Communities Agency (HCA) grant. But HCA grant provides little economic incentive to build larger homes. The cost of building a 2 bed property is around £230,000, whilst the cost of a 4 bed property is £315,000. To make a scheme economically viable, in grant terms, there needs to be higher grants for larger properties. It has been suggested that if HCA grant could be allocated per bedroom or per square metre, it would help to shift towards an increase in larger family homes.
- 4.14 One expert suggested that "if grant rates were changed new larger homes could be completed within 12 to 18 months".

Rent levels

- 4.15 Evidence was received to suggest that the current rent regime also provides little economic incentive to build larger homes. The difference in weekly rents for two bedroom and four bedroom properties does not reflect the capital increase in building larger properties and therefore does not improve the business case for building larger sized houses. One Housing Association gave examples where it charges, on average, £102 a week for a 2 bed, and £104 a week for a 4 bed home in its Greenwich properties. In Bromley it charges, on average, £97 a week for a 2 bed and £122 a week for 4 bed home.

Borough allocation policies

- 4.16 Social housing is allocated in a number of ways by local authorities. More “points” are usually awarded to those who are homeless or are in temporary accommodation rather than those living in overcrowded conditions. There is pressure from boroughs to use vacancies to house people from the waiting list rather than to address overcrowding. As a consequence this can exacerbate overcrowding levels. It was suggested that as temporary accommodation targets are coming to an end this could free up some of the pressures on London boroughs and allow them greater flexibility in prioritising overcrowding in their allocation policy.
- 4.17 One Housing Association told the rapporteur that overcrowding has been a particularly low priority over the last five years, compared to homelessness. One source believes that severe overcrowding should be considered the biggest priority as improvements in this area could be made very quickly. In London it could largely be tackled in a couple of years. Others warn that there is a greater need for smaller homes and for housing the homeless and those in temporary overcrowding.

Targets and changes to priorities

- 4.18 The primary target the HCA is working to is the Mayor’s target of 50,000 more affordable homes by 2012. The proportion of family sized homes and the mix of social and intermediate housing are, in effect, subordinate targets, with less public profile. The Mayor’s target that 42 percent of new homes should have 3+ bedrooms resulted from a mixture of research, evidence and pragmatism. The target is based on need but also reflects what would be feasible to deliver with the money available.
- 4.19 Another organisation believes that if addressing the housing needs of families could be made “priority 1” for housing it would send a signal about the significance of the issue.

Planning and other London specific factors

- 4.20 A view was expressed that London planning policy has been pushing for higher density housing which has resulted in smaller sized units. Acquiring land in London is expensive, so developers are under economic pressures to build as many units as possible. The higher the density of a building development the more value economically it has. High density developments are not necessarily appropriate for family sized housing as this can put undue pressure on shared amenities and can lead to problems with anti-social behaviour.
- 4.21 Some boroughs do however have higher targets in their planning policies for use in negotiations. A number of boroughs have targets well in excess of the Mayor’s 42 per cent target for 3+ bed homes and are achieving significant levels of new larger homes.

Making best use of the existing stock – tackling under-occupation

- 4.22 There are 60,000 under-occupied homes in London but currently only three per cent of these downsize each year. The Mayor has targeted 12,000 “downsizing moves” to contribute to his target of halving severe overcrowding by 2016. The rapporteur was told that unless local authorities have an under occupation policy most social tenants have little incentive to “downsize”. Social landlords therefore need to promote downsizing by offering tenants a variety of incentives.
- 4.23 Recently announced housing benefits reform could encourage claimants living in under-occupied homes to downsize because benefits will be assessed according to the need of households rather than the cost of the house they are currently occupying.

Chain lettings and other stock management approaches

- 4.24 Chain lettings appear to offer a potential way of managing stock more efficiently. These involve a process similar to the review's hypothesis – creating a number of moves arising from one large vacant property to meet the needs of a number of different households and make better use of the existing stock. However programmes that do this have needed resources to identify requirements and manage the process. There are significant costs associated with properties becoming void as part of a chain letting process; as well as the temporary loss of rent, usually £1,000 to £1,500 is needed to spend on repairs and general improvement work on the property. There are also inevitable delays in lettings and people moving in.
- 4.25 Some believe that Housing Associations may have reasons to overstate the extent to which chain lettings are a solution to overcrowding. Prioritising chain lettings give Housing Associations more opportunity to retain influence over allocations that would otherwise be exerted by the local authority – whereas a borough may not consider such an approach to be always best way of meeting housing need in the borough.

Invited experts

- 4.26 The following experts have been invited to discuss the issues covered above:
- Nick Taylor, Head of Area North London; Homes and Communities Agency (HCA)
 - Alan Benson, Head of Housing & Homelessness; GLA
 - Brendan Sarsfield, Chief Executive; Family Mosaic Housing
 - Maurice Soden, Housing Regeneration Initiatives Manager; London Borough of Southwark
 - Dave Shiress, Co-ordinator; South East London Housing Partnership (SELHP)⁶
 - Mike Youkee, Chair; Developers Group
- 4.27 The review is relevant to the Mayor's objective to halve severe overcrowding among social tenants by 2016 as set out in his Housing Strategy 2010 and his London Action Plan to reduce overcrowding (July 2010).

5. Legal Implications

- 5.1 The Committee has the power to do what is recommended in the report.

6. Financial Implications

- 6.1 There are no direct financial implications arising from this report. Any costs incurred during the completion of the programme will be met from within the existing scrutiny budgets for 2010/11. These will be reported as individual projects are approved and developed.

⁶ SELHP is made up of the boroughs of Bexley, Bromley, Greenwich, Lewisham and Southwark and includes the Housing Corporation, London Councils (formerly known as the Association of London Government) and their housing association partners.

List of appendices to this report:

None

Local Government (Access to Information) Act 1985

List of Background Papers:

Mayor's housing strategy, February 2010

http://www.london.gov.uk/sites/default/files/uploads/Housing_Strategy_Final_Feb10.pdf

The Mayor's London Overcrowding Action Plan, July 2010

http://www.london.gov.uk/sites/default/files/Overcrowding_Action_Plan.pdf

Contact Officer: Paul Watling / Alexandra Beer

Telephone: 020 7983 4393 / 4947

E-mail: paul.watling@london.gov.uk / alexandra.beer@london.gov.uk