

Executive summary: Crowded houses

Overcrowding in London's social rented housing

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About this report

On 22 June 2010 Andrew Boff was appointed as rapporteur to carry out a review of overcrowding in London's social rented housing on behalf of the Planning and Housing Committee.

The review was seeking to test the hypothesis that increasing the supply of larger family homes would effectively tackle the housing problems of more Londoners in overcrowding.

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Contents

Rapporteur’s foreword	9
Executive summary	11
Recommendations	15

Rapporteur's foreword



Overcrowded housing is a hidden blight in London. More than 200,000 of the capital's families are overcrowded – up a third on ten years ago. The situation is worst of all in London's social rented housing.

Over the years, politicians of all political hues have looked at resolving the problem, but few with much appreciable success. Resolving under-occupation is the oft-touted panacea but, despite innumerable initiatives to reduce it, overcrowding has remained stubbornly high for the last twenty years.

I now think that to tackle our overcrowding crisis, which taints the lives of so many Londoners in social housing, we need a comprehensive overhaul of how we approach the issue.

This report looks at the changes that need to be made to the housing system if we want to reduce the severe problem of overcrowding. It began with a simple, clear idea – the proposition that “building more large homes would more effectively resolve the problem of overcrowding in London's social housing”.

It is based on the belief that building more large homes (with 4, 5 or even 6-bedrooms) would have two important consequences. Firstly, it would help to address the historic shortfall in large homes in London by giving overcrowded families bigger places to live.

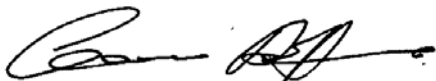
Second, the creation of every large home would resolve multiple families' housing problems; beyond those of the people who actually move in. This works because, when the first family moves into the new large property, their old home is vacated and another, slightly smaller, overcrowded family moves in. This process is then repeated again and again, thereby creating a 'chain effect' in which every family moves one step up the ladder. In this way multiple 'housing needs' are solved.

Our report shows that just one new 6 bedroom home can help take more than 36 Londoners out of overcrowding. Currently this cannot happen because the 1 and 2 bed homes that are now being built do not create a chain and are too small for the vast majority of overcrowded households.

We tested this hypothesis with experts from across the housing industry and, unsurprisingly, not everyone agreed. However, what was heard fairly consistently, when asked whether building more, larger, homes was the solution, was, “Yes, but . . .” Other steps are necessary to realise the full benefits of building bigger.

This report explores these other factors – money, stock management and housing priorities in terms of their role in overcoming our overcrowding problem.

While we worked on this review significant changes to the way the social housing system will operate have been proposed by Government. It is clear that these will present both challenges and opportunities for efforts to resolve overcrowding. But even when these changes are taken into account, it remains this report's contention that more people benefit from the creation of a new large family home than building a number of small flats for the same cost.

A handwritten signature in black ink, appearing to read 'Andrew Boff', with a stylized flourish at the end.

Andrew Boff AM

March 2011

Executive summary

This report focuses on overcrowding in London's social rented housing – a largely hidden side of the housing problem. Until now it has not been a political priority compared with homelessness and rough sleeping, which are the visible faces of London's housing crisis.

The report seeks to test one simple idea – that rapidly increasing the supply of larger family homes would tackle the housing problems of far more Londoners than any other single policy measure.

London had 207,000 overcrowded households in 2008 – almost 7 per cent of the city's homes; around half of these (102,000) live in social rented housing. It is worse in social rented housing than other tenures and London has 44 per cent of England's overcrowded households in this sector.

Overcrowding affects larger households disproportionately and the problem has a negative impact on children, especially their health and educational attainment. About 331,000 London children live in crowded conditions and one in three children in social rented housing are overcrowded.

Breaching legal overcrowding standards is a criminal offence. But the official definition that has survived unchanged since 1935 is now clearly outdated. Relatively few households are actually legally overcrowded even though members of the family will have to sleep in living rooms and, sometimes, in kitchens.

There needs to be an updated definition of statutory overcrowding based on the bedroom standard as this would provide local authorities with incentives to reduce overcrowding.

The quality of available data and measurement of overcrowding needs to change too. Without accurate data on the levels of overcrowding, policy makers cannot have any real idea of the true cost of dealing with the problems in human or financial terms. London boroughs need to commit to collecting more accurate data to measure overcrowding.

The central proposition of this report is based on the idea that giving overcrowding a greater priority, by building larger homes, will address the housing needs of far more Londoners than the current focus – one that results in building the largest number of smaller homes. Building a one or two bedroom home takes one family out of temporary accommodation or from the waiting list and so meets the housing need of two or three Londoners. This is the outcome of the current policy that sees increasing the absolute number of new homes as the top priority.

But building one new 6 bedroom home for an overcrowded family, and moving other overcrowded families into larger vacant homes created further down the 'chain', could solve the overcrowding problems of 36 Londoners. It also has the added effect of taking one or two people off the waiting list, or out of temporary accommodation.

However, this approach would not necessarily address the housing requirements of individuals and smaller households in pressing need, for example the homeless and those in temporary accommodation.

There are barriers to building more, larger, family sized homes and these were identified as largely a result of the operation of the public subsidy system, the target setting agenda and planning policy.

Housing grant for social homes tends to be allocated on a 'per unit' basis - a fixed sum per unit of new affordable housing - and grant rates per social rented dwelling currently average around £100,000 per property regardless of the size of the home. However, because of the additional cost of building bigger homes this flat rate of grant is often not enough to make a scheme of large homes financially viable.

Grant rates need to change to make it easier to build bigger - grants need to be higher for larger homes. There is a need to move toward a grant that reflects the number of people housed as opposed to the number of homes that are built. Grants based on 'per person' would allow the Mayor to demonstrate his or her success in helping Londoners out of housing need, rather than by using the unsophisticated target of total new homes - a target that does not accurately measure how home building meets housing need. It is possible that flexibility on rents may also have a role to play in encouraging building bigger homes.

Similarly, the Mayor should change the headline housing target in his housing strategy to the number of new bedrooms provided, rather than simply the number of units. He should also introduce a new measure of housing success, ie 'the number of Londoners taken out of housing need'.

The London Housing Strategy contains a target that more family sized affordable homes will be provided, with 42 per cent of social rented homes having three bedrooms or more by 2011. There is evidence that the existence of this 42 per cent 3+ bed policy is actually placing a limit on the number of larger homes being built. Research suggests that the need is for four bedroom homes, but what is being built by developers and housing associations reflects the Mayor's 3+ bedroom target.

There is an opportunity to address these issues in the Mayor's review of his housing strategy and he should change his target for family sized housing so that 42 per cent of new social rented housing should be 4+ bedrooms to reflect actual housing need. Additional targets for 5 bed houses would be helpful.

Other factors that influence the amount of family sized housing that is built relate to how local housing priorities are set and how the existing affordable housing stock is managed.

All social landlords allocate housing by prioritising certain groups in housing need. Priority tends to be given to those who are homeless or are in temporary accommodation rather than to the overcrowded. Other priorities can reflect the medical conditions of people on the waiting list or the needs of young people leaving social care.

The report found that only one borough has overcrowding in its top priority group. Two others have overcrowding as a second priority.

These priorities are not only used to allocate vacant properties from within a local authority's own stock – councils also have the ability to 'nominate' people on the waiting list to housing association homes. This arrangement between housing associations and councils exists across all local authorities.

There is pressure from boroughs to use vacancies arising in the social rented sector – including housing association properties through nomination rights – to house people from the waiting list rather than to address overcrowding, particularly as this reduces the cost of housing people in temporary accommodation.

Temporary accommodation costs are significant – averaging over £17 million per borough annually – and so the desire to reduce the cost of temporary accommodation is a strong incentive to boroughs to move people into secure housing as soon as possible. This can exacerbate overcrowding levels by removing the possibility of moving overcrowded families into larger vacant homes. Local authorities need to give housing associations greater flexibility to manage their stock to reduce overcrowding before 'voids' are released to local authority nominations. In the medium to long term this would have a positive impact on the levels of overcrowding.

As a consequence of trying to make the best use of their housing stock some social landlords have developed quite complex processes that have proved successful in addressing overcrowding. 'Chain lettings' appear to offer a potential way of managing stock more efficiently. They create a process similar to that generated by building a large family sized home – creating a number of moves arising from a vacant property to meet the needs of a number of different households and so make better use of the existing stock.

If overcrowding is to be dealt with more effectively it needs to receive greater attention. London boroughs will be reassessing their housing allocation policies in response to future Government proposals and in doing so they should consider prioritising overcrowding wherever possible with rehousing under-occupiers as a further priority where this would assist in tackling overcrowding.

Borough housing priorities must change because existing housing budgets and the financial penalties of keeping people in temporary accommodation do not reflect the wider public cost of overcrowding. These costs are borne by the education, social services and health budgets.

The Mayor has concluded that given the very high social and economic costs that result from overcrowding, there are compelling reasons for directing resources at this problem. The findings in this report seek to offer ways to rebalance London's approach.

In a time of enormous pressure on social housing, making the best use of declining resources is of utmost importance, and increasing the supply of larger family homes would tackle the housing problems of the greatest number of Londoners in housing need.

Recommendations

Recommendation 1

The Government should use its forthcoming social housing reform legislation to make the bedroom standard the statutory requirement for measuring overcrowding.

Recommendation 2

London boroughs should commit to collecting more accurate data to measure overcrowding. The Mayor and London Councils should work together so that, by 2012, there should be an agreed common method that local authorities use for collecting data on overcrowding in London's social rented housing.

Recommendation 3

The Mayor should review the level of grant rates in London with the aim of incentivising the building of larger homes. The Mayor should specifically consider the impact of providing grant on a per person basis rather than unit basis.

Recommendation 4

In his forthcoming housing strategy review, the Mayor should include an assessment of the role that flexible rents could play in incentivising the provision of larger homes and work towards a policy that would give boroughs a degree of flexibility to vary rent levels according to property size - if that would assist in encouraging the provision of larger homes.

In considering flexible rents there needs to be a careful consideration of how this could act as an incentive to build larger homes but balanced by the impact it would have on larger families in terms of their ability to pay these rents.

Recommendation 5

The Mayor should change the headline housing target in his housing strategy to the number of new bedrooms provided rather than simply the number of units. He should also introduce a new measure of housing success, ie 'the number of Londoners taken out of housing need'.

Recommendation 6

The Mayor should change his target for family sized housing in his housing strategy so that 42 per cent of new social rented housing should be 4+ bedrooms as this reflects actual housing need.

Recommendation 7

London local authorities should consider reviewing the requirement for housing associations to accept nominations from the waiting list as soon as vacancies occur so as to allow housing associations the ability to more effectively manage under-occupation and so free up larger homes.

Recommendation 8

London boroughs will be reassessing their housing allocation policies in response to future Government proposals and as temporary accommodation targets come to an end. In doing so they should consider prioritising overcrowding wherever possible and should include rehousing under-occupiers as a further priority where this would assist addressing overcrowding.

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