LONDONASSEMBLY

Planning and Housing Committee

Crowded houses

Overcrowding in London's social rented housing

March 2011

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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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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.

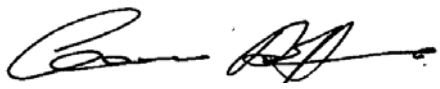
Second, the creation of every large home would resolve multiple families' housing problems; beyond those of the people who actually move in. This works because, when the first family moves into the new large property, their old home is vacated and another, slightly smaller, overcrowded family moves in. 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.



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.

1 Introduction

"There are six people in this house, divided for sleeping purposes thus: main bedroom, husband, wife and child; second bedroom, two girls; parlour, son. Accommodation which necessitates five people sleeping in two small bedrooms, and one person in the parlour, is by every civilized standard odious".[1]

1.1 This report, from the Architectural Journal in October 1933, added to the public outcry over the state of Britain's overcrowded housing and led to the country's slum clearance legislation.

1.2 Now, fast forward to 2011:

"Laura lives with her husband and three children in a one bedroom flat. While there are five people sleeping in one room, in statutory housing terms they are not officially overcrowded – the youngest child does not count for housing purposes and the two other children are young enough to use the living room for sleeping accommodation".

1.3 While nearly 75 years separate these two accounts, similar overcrowded conditions continue to exist in London's social housing. And while notable improvements have been made in the past 60 years, over the last 15 years the situation appears to be getting worse. Between 1998 and 2008 the number of people living in overcrowded conditions increased by a third.[2]

1.4 Overcrowding is measured in different ways. The most common method compares the number of bedrooms needed by a household; by this standard London had 207,000 households classed as overcrowded in 2008 – almost 7 per cent of all the city's homes. Around half of these (102,000) lived in social rented housing.

1.5 Overcrowding is worse in social rented housing than other tenures[3] and London has 44 per cent of England's overcrowded households in this sector.

1.6 Overcrowding affects larger households disproportionately. In London, the overcrowding rate is less than 2 per cent for households with fewer than three people, compared with 33 per cent for households with five or more members.

1.7 The overcrowding rate for black and minority ethnic households in London is about four times that for white British households.[4]

1.8 The problem has a disproportionate impact on London's children. About 331,000 London children live in crowded conditions and one in three children in social rented housing are overcrowded.[5] A Government commissioned review of the evidence showed how overcrowding damages children in terms of their health, educational

development, personal safety and the rate of accidents.[6] It found, among other negative impacts, that children in overcrowded housing are up to ten times more likely to contract meningitis than children in general (section 2 of this report sets out these effects in more detail).

1.9 Homelessness and rough sleeping are the visible faces of London's housing crisis. But this report focuses on overcrowding – a largely hidden side of the problem and one that, so far, has not been a political priority. The report seeks to test one simple idea – a hypothesis - that rapidly increasing the supply of larger family homes would tackle the housing problems of far more Londoners than any other single policy measure.

1.10 The evidence base used for the investigation includes nearly 50 written submissions from a wide variety of stakeholders and 9 meetings with housing experts, including one full meeting of the Planning and Housing Committee. Details of the evidence base are set out in Appendix 1.

1.11 The report quantifies the scale and cost of overcrowding in London, makes a judgement on the initial hypothesis and then examines ways in which obstacles to building bigger homes can be addressed. It also examines how the existing stock should be managed if overcrowding were to be given a higher priority in terms of tackling London's housing need.

1.12 This report aims to stimulate a debate about the priorities that drive London's housing policy. It seeks to show that political choices can effectively mitigate this damaging unintended consequence of housing policy. Ultimately it advocates ways in which the Mayor should recast parts of his housing strategy to give a greater emphasis on tackling the problem of overcrowding in London's social rented homes.

1.13 The challenge of meeting London's demand for affordable housing is daunting, but recognising that overcrowding is a significant, and growing, part of that problem is now a good starting point for pushing the issue up the policy agenda.

2 Overcrowding in London

How is overcrowding defined?

2.1 There are various definitions of what constitutes overcrowded housing. Statutory overcrowding standards were introduced in 1935 and have not changed since. These define a dwelling as overcrowded if the number of persons sleeping in it exceeds a certain permitted number, based on the 'room standard' or 'space standard'. For the purposes of these standards, a room is considered to be "available as sleeping accommodation" if it is "of a type normally used either as a bedroom or a living room". [7]

2.2 The room and space standards are set out in Part X (ten) of the 1985 Housing Act.

The room standard

2.3 The room standard is contravened when the number of persons sleeping in a dwelling is such that two people, who are ten years old or more, of opposite sexes who are not living together as husband and wife must sleep in the same room. Children under the age of ten are not counted, and living rooms and kitchens may also be deemed as suitable sleeping accommodation if they are large enough.[8]

The space standard

2.4 Section 326 of the Housing Act sets out the number of people that can live in a home based on the number of available rooms and the size of the rooms:

- One room = two people;
- Two rooms = three people;
- Three rooms = five people;
- Four rooms = seven and a half people;
- Five rooms or more = ten people (and two people for each additional room).

2.5 The other 'test' is based on the floor area of each room:

- 110 square feet or more - 2 people;
- 90 square feet or more but less than 110 square feet - 1½ people;
- 70 square feet or more but less than 90 square feet - 1 person;
- 50 square feet or more but less than 70 square feet - ½ a person;
- Less than 50 square feet - no-one.

2.6 The statutory overcrowding standard is not generous, and so relatively few households are actually legally overcrowded.[9]

2.7 To interpret the legislation a local authority looks at how the sleeping arrangements within the premises could be organised rather than how they are actually organised.[10]

For example, a couple, with two children of opposite sexes and aged ten years old or more, with two rooms available, are not statutorily overcrowded because the couple could occupy separate rooms, with one each of the two children (of the appropriate sex).[11] There is no limit on the number of people of the same sex who can live in the same room although there may be a contravention of the space standards set out in paragraph 2.5 above.

2.8 A breach of the statutory overcrowding standard is a criminal offence and local authorities have the power to take action against landlords of overcrowded properties on a tenant's behalf. However, where a statutorily overcrowded household lives in council housing, the local authority cannot take legal action against itself without the approval of the Attorney General. Shelter has noted that "the Attorney General has never agreed to let a case of overcrowding by a local authority proceed to court".[12]

2.9 Overcrowding (above the statutory definition) is only allowed through 'natural growth' - such as a child reaching one of the specified ages, or temporarily, for example if additional people come to stay in a home for a short time.

The bedroom standard

2.10 Another definition is the 'bedroom standard' which is the one that is commonly used by social housing providers and is based on the composition of the household and their ages. Bedrooms are notionally allocated to members of the household based on consideration of age, sex, marital status and relationship of household members.

2.11 According to this standard, a separate bedroom is allocated to each of the following:

- Married or cohabiting couple;
- Adult aged 21 years or more;
- Pairs of adolescents aged 10–20 years of the same sex;
- A pair of children aged under 10 years regardless of their sex.

2.12 The bedroom standard is compared to the number of bedrooms available to, and for sole use by, the household and is the most widely used by social landlords in their allocations frameworks. The bedroom standard also classifies households that are severely overcrowded. This is defined as two or more bedrooms below the bedroom standard.

2.13 The Census also allows measurement of overcrowding based on persons per room. Under this definition overcrowding is defined as one person or more per room while severe overcrowding is defined as 1.5 persons or more per room.

2.14 Appendix 2 provides more details of the various overcrowding standards in use.

2.15 As set out above, there are exceptions that blur the true picture of overcrowding. In certain cases (under the statutory definition) kitchens can be considered suitable for sleeping in if they are large enough. Children under one year old 'do not exist' for the

purposes of calculating overcrowding and children under ten years old (and over one year) are expected to share a room.

2.16 This means there are examples of households comprising a large number of people, often with several children, living in a small home that requires them to sleep in living rooms and even kitchens (if they are big enough to accommodate a bed) that any reasonable person would regard as overcrowded, but which are outside the statutory definition of overcrowding.

2.17 The case study of Laura and her family (see box below) is such an example. Despite there being five people in a one bed flat, in statutory terms, the family is not overcrowded but by the bedroom standard they are.

One in 102,000 crowded houses - a case study of 21st century overcrowding

Laura lives with her husband and three children (7 years, 5 years and 11 months) in a one bedroom flat on the second floor of a low rise block in east London. The flat is rented from the local authority but managed by a housing association. She works at a local primary school and her husband works for a charity close to the City.

They have lived in the property since 2003. They moved in when Laura was pregnant with her first child and were told that, once the child was born, they would be re-housed to a larger property. Now they have been advised that the likely wait for a larger home is 7–12 years. There are around 35,000 families on the waiting list in Laura's borough.

Laura has been in constant contact with the council, writing letters to the housing department and local MP, as well as making the housing charity Shelter aware of their situation. So far no-one has been able to offer any practical help.

While there are five people in a one bed flat, in statutory housing terms they are not officially overcrowded – the youngest child does not officially 'exist' for housing purposes, the two other children are young enough to share a room and can, by official standards, live, sleep, eat, play and do their homework in the living room.

The Council has acknowledged that they are living in overcrowded conditions but their response is that "the living room should be turned into a bedroom". The council has offered to buy them a sofa bed from Argos.

Every week Laura checks the list of available vacancies that appears on the council website at midnight on Friday. Quite often, when the list closes on the following Monday at midnight there are 400 – 500 other families that have registered an interest for the same properties.

The family have considered properties in the private rented sector and the Council's rent deposit scheme. They have registered bids for homes in other boroughs but their lack

of local connections does not make them a priority.

They have even considered moving out of London but the disruption to their lives, work and schooling is prohibitive.

They all sleep in the one bedroom. There is a double bed for the adults and bunk beds for the two children, and then there is a cot for the baby.

The children are in the house a lot but there is no room for them to play. Laura does not want her children to play outside as she is worried about the children's safety.

Andrew Boff met Laura and her family on 8 December 2010.

They are still waiting for a bigger home.

There are tens of thousands of families like Laura's living across London.

2.18 The Housing Act 2004 recognises both the room and space standard definition of overcrowding. Section 216 of the Act however allows "the appropriate national authority" and local housing authorities discretion to decide what local overcrowding standards should be. This could be used to enforce a more modern and acceptable overcrowded standard that would not allow people to sleep in kitchens or children to use the living rooms, that whole families need, as bedrooms.

2.19 To our knowledge the power to set local overcrowding standards has not been used.

A need to update the standard definition of overcrowding

2.20 Housing standards have changed considerably since 1935 in terms of what amenities are now deemed essential for modern living but overcrowding standards have not. Local Government Regulation (the body funded by local authorities responsible for overseeing local authority regulatory and related services in the UK) views this is as "an outdated standard".[13] Many organisations have lobbied for a review of the official definition of overcrowding[14] and there was even support from the House of Commons Local Government and the Regions Committee for this move.[15]

2.21 The idea seemed to be gaining momentum when, in 2007, the Government said "we will also underpin the work on overcrowding by updating the overcrowding standards"[16] and since then further attempts were made to update the statutory overcrowding standard during the committee stages of the Housing and Regeneration Bill in January 2008.[17] But, as yet, nothing has changed.

Conclusion

2.22 The fact that overcrowding has not been reassessed in terms of the wider personal and associated public costs explains why overcrowding does not have such a high political

priority. 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.

Recommendation 1

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

Measuring overcrowding in London

2.23 Measuring the extent of overcrowding is problematic given the lack of detailed data collected by local authorities. The most up to date and reliable estimates of overcrowding and under-occupation come from the Survey of English Housing - but this is not large enough to allow for detailed analysis of overcrowding by borough, household type or other characteristics.[18]

2.24 The quality of available data and measurement of overcrowding needs to change. During this investigation we found no examples of good practice in terms of the local measurement of overcrowding – that is by boroughs being able to fully assess the extent of conditions in their areas. Boroughs and other service providers do not have a good enough picture of the levels of overcrowding in their housing. Policy makers cannot therefore have any real idea of the true cost of dealing with the problems in human or financial terms.

2.25 None of the currently available data sources have a sample large enough to give reliable, comparable and up to date estimates of overcrowding at borough level and the 'waiting list' is inaccurate.[19] The inability to measure overcrowding accurately at borough level means that the figure of 102,000 overcrowded households in social rented housing may therefore be an under-estimate. Boroughs need to know what the true levels of overcrowding are in their areas, preferably based on an agreed method for improved data collection that is not expensive or onerous to implement.

2.26 There is an opportunity to remedy this situation. Recent government proposals will give local authorities the discretion to determine which categories of household should qualify to go on their housing waiting list.[20] This will give boroughs the opportunity to better understand the real need for social housing in their areas because they will have to review housing needs criteria in order to draw up their waiting list policies.

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.

The need for larger social rented homes

2.27 Despite the shortcomings in the way the statistics are collected at a local authority level the Survey of English Housing shows that after a period of decline, overcrowding in London's housing is on the rise.

2.28 Department for Communities and Local Government (CLG) figures show that, of the London households on the waiting list for social housing in 2008, 17,109 households (4.8 per cent) needed a home with four bedrooms or more (see Appendix 3).[21]

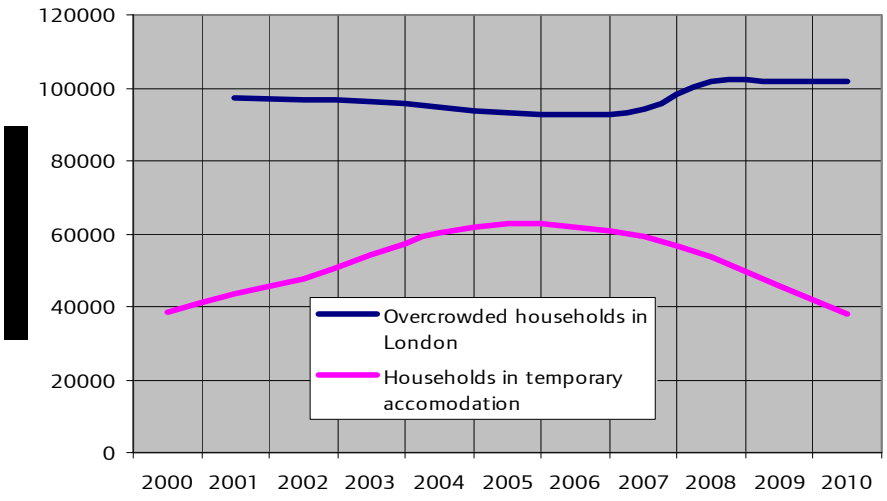
2.29 The demand for larger homes is particularly concentrated in a number of boroughs – Newham, Ealing, Brent, Tower Hamlets and Lewisham all have more than 1,000 households waiting for a property with 4 beds or more. Appendix 3 details waiting lists and size of homes needed by London borough.

2.30 By proportion of the waiting list needing 4+ bed homes, Harrow has the largest (12.2 per cent) with Hillingdon, Brent, Lewisham, Waltham Forest, Camden, Ealing and Enfield all having more than 6 per cent of their lists composed of households needing larger homes.

2.31 Compared with other categories of housing need, overcrowding in social rented housing, is a much larger problem numerically with more than 100,000 households affected:

- In the middle of 2010 there were 37,910 London households in temporary accommodation (this has declined from a peak of 63,800 at the end of 2005).[22]
- London's local authorities accept some 7,100 people each year as being statutorily homeless.
- Official counts suggest a total of 415 rough sleepers on London streets on any one night.[23]

Figure 1: Overcrowding in social rented housing and households in temporary accommodation



Source: CLG Housing Statistics

The social and financial costs of overcrowding

2.32 Overcrowding has a significant negative impact on communities, families and individuals. It tends to be concentrated in particular neighbourhoods, is more likely to affect some minority communities, and is linked to poorer health and educational outcomes. In many cases it increases the likelihood of anti-social behaviour.

2.33 There is a wealth of evidence demonstrating these impacts:[24]

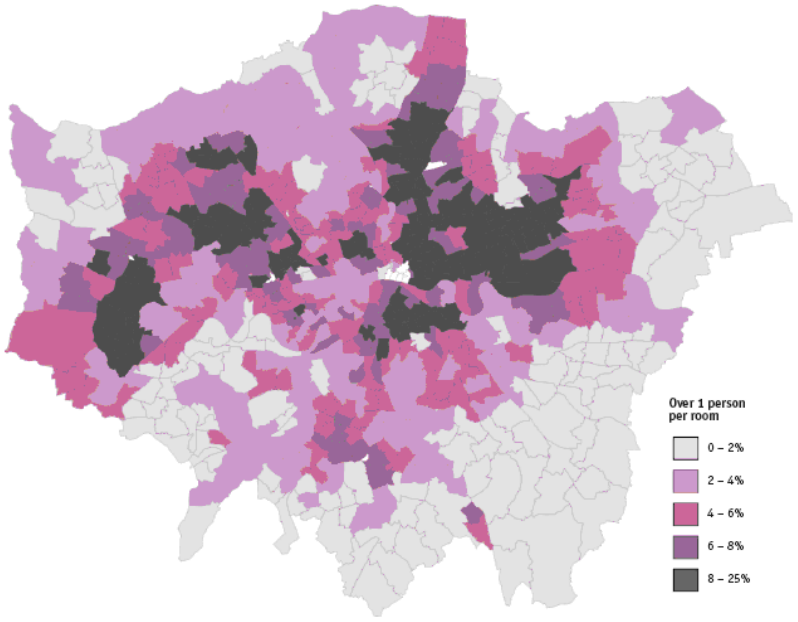
- Households that experience multiple housing problems (including overcrowding) have increased children's risk of ill-health and disability by up to 25 per cent.
- Children in overcrowded housing are up to ten times more likely to contract meningitis than children in general.[25]
- There is a direct link between childhood tuberculosis and overcrowding.[26]
- Mental health issues such as anxiety and depression have also been linked to overcrowded and unfit housing.
- Overcrowded housing affects children's ability to learn at school and study at home.
- Children in overcrowded homes miss more school due to illnesses and infections.
- Overcrowding is linked to delayed cognitive development.[27]

2.34 As well as these severe personal and social impacts, overcrowding also imposes a number of 'hidden' financial costs on local and central government. These include providing additional health services, the cost of welfare support resulting from poor educational achievement and the resulting impact on employability and even the costs of anti-social behaviour that are linked with overcrowded housing.

2.35 For official data at a neighbourhood level the Census must be used. Of the 15 most overcrowded wards in England, 13 are in London.[28] Overcrowding is concentrated geographically in certain areas of London, so the costs of overcrowding are borne disproportionately by certain local authorities.

2.36 Using 2001 Census data London Councils was able to map the extent and concentration of overcrowding in London down to a ward basis (Figure 2 below). While this is now out of date it does indicate the extent to which overcrowding is concentrated:

Figure2: Overcrowding by London ward - Percentages of households with more than one person per room



Source: Overcrowded housing and the effects on London's communities, London Councils, October 2004

2.37 The Mayor recognises that additional costs exist – and, importantly, that these costs are not reflected in housing budgets; "The costs of tackling overcrowding directly are also significant. However, given the very high social and economic costs that result from overcrowding, there are compelling invest to save arguments for directing resources at action".[29]

The role of the Mayor

2.38 The GLA Act 2007 gave the Mayor new powers and responsibilities over housing in London, including a requirement to prepare and publish a statutory Housing Strategy and to set out priorities for over £4 billion of public housing investment between 2008 and 2011 - London's share of national housing resources for producing new and improving existing homes.[30]

2.39 The Mayor accepts that overcrowding is a serious element of London's housing need and is "having major impacts on the lives, health and well being of the 102,000 households living in unacceptably cramped conditions in the capital's social rented sector, with 11,000 severely overcrowded households particularly badly affected".[31]

2.40 He sees reducing severe overcrowding, and eliminating rough sleeping, as two of his key priorities.[32]

2.41 To tackle this the Mayor has set a target of halving severe overcrowding in London's social housing by 2016 (Housing Strategy Policy 1.3E). The Mayor aims to achieve this by increasing the proportion of family-sized affordable homes (3+ bedrooms) to 42 per

cent of new social rented homes by 2011 (Housing Strategy Policy 1.1C)[33], as well as making more effective use of London's existing housing stock.

2.42 To implement these policies the Mayor published his London Overcrowding Action Plan[34] in July 2010 to help deliver the Housing Strategy target to halve severe overcrowding in social housing by 2016. Key areas of this plan include:

- Prioritising action on overcrowding and under-occupation;
- Identifying overcrowded and under-occupied households;
- Addressing overcrowding;
- Tackling under-occupation.

2.43 The remainder of this report examines the 'invest to save' or 'social return on investment' arguments identified by the Mayor (paragraph 2.37 above) so that tackling the high social and economic costs of overcrowding will be addressed in the most cost effective way.

3 Tackling overcrowding – testing the hypothesis

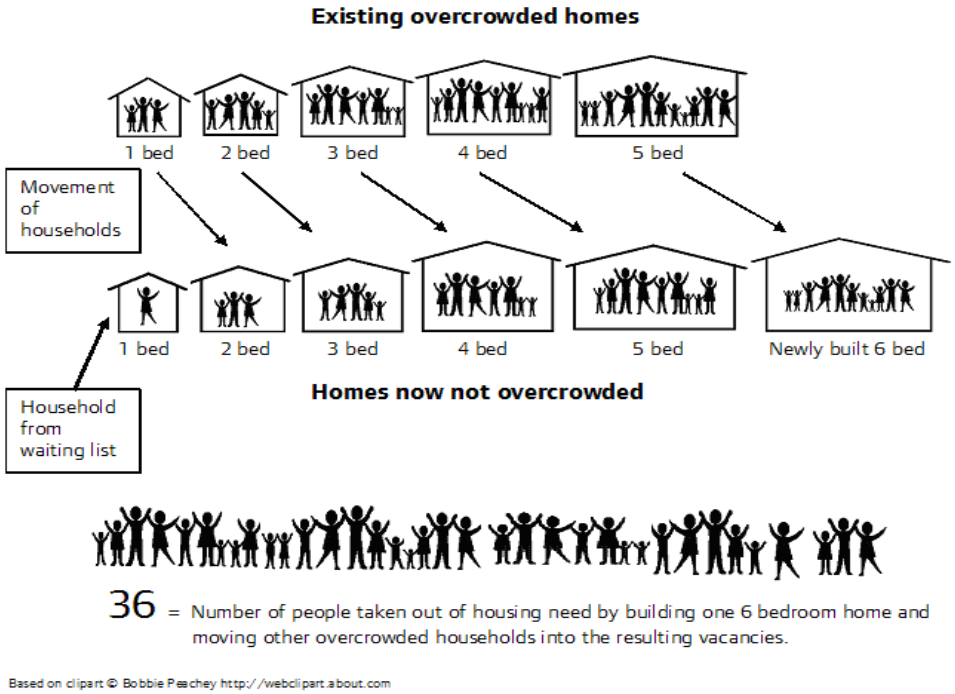
3.1 The starting point of this investigation was one simple hypothesis that: "Increasing the supply of larger family homes would effectively tackle the housing problems of more Londoners in overcrowding".

3.2 It is based on the idea that, by giving overcrowding a greater priority by building larger homes, the housing needs of far more Londoners can be addressed than the current focus which results in building the largest number of smaller homes. It is the most effective use of resources and one that tackles housing need more intelligently.

3.3 Building a small 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, three or four Londoners. This is the outcome of the current policy that sees increasing the absolute number of new homes as the top priority.

3.4 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 (or even more people depending on the level of overcrowding). It also has the added effect of taking people off the waiting list or out of temporary accommodation. This is shown below in Figure 3 (Appendix 4 shows the numbers that benefit from this at different levels of overcrowding).

Figure 3: The effect on overcrowding of building one large home



Based on clipart © Bobbie Peachey http://webclipart.about.com

3.5 One new larger home takes many families out of overcrowding. One new smaller home solves the housing problem of two or three Londoners. Overall it is a more efficient approach in terms of the price of solving housing need.

3.6 From this it is possible to envisage that, building a smaller number of larger family homes instead of a large number of small homes and ensuring overcrowded families were moved into the larger homes that would become available, could more effectively tackle the overcrowding problems of many Londoners. This hypothesis was tested with housing experts.

3.7 In every case the experts agreed that overcrowding in London is a serious problem and that building more family sized housing would help to reduce overcrowding.[35]

3.8 However, the evidence suggests that overcrowding in London is a far more complex issue and other factors need to be taken into account in addition to just building larger homes – since just building large family homes would have a number of unintended consequences.

3.9 This is because the picture of London's housing need is multi-faceted and made up of many different elements including: homelessness and rough sleeping, overcrowding and under-occupation, temporary accommodation and medical needs that require specific types of housing. All of these aspects of housing need have varying degrees of magnitude and impact (see Appendix 5 for more details). These effects are primarily on individual Londoners, but also on government budgets through peoples' need for public services.

3.10 The experts who contributed to this review stressed that, despite the need for larger homes, there is still a continuing need for small homes to house those on waiting lists and to cater for the projected future demand for smaller household sizes. Relevant factors include:

- The evidence contained in the Strategic Housing Market Assessment[36] (SHMA) that estimates future housing requirements in London, broken down by tenure and by home size shows the biggest demand is for smaller homes and this is used to justify the current policy approach.[37]
- New housing developments require a mix of house sizes to give them a range of household types to support the national housing and planning objectives of building mixed and balanced communities.[38]
- If all new homes in an area were only family sized housing it would result in a large number of children living in a small area. This puts undue pressure on shared amenities and can lead to problems with anti-social behaviour.[39]
- Smaller homes are needed by local authorities to re-house those in temporary accommodation.[40]
- The cost of keeping people in temporary accommodation represents a significant budget for housing authorities.

Conclusion

3.11 Building more family sized homes would reduce overcrowding as households move into larger and more appropriately sized housing. This then frees up properties for the homeless and those in temporary accommodation; a process that may effectively tackle the housing problems of more Londoners in housing need. However, it would not necessarily address the housing requirements of individuals and smaller households in pressing need - especially those homeless and those in temporary accommodation.

3.12 The next sections of the report examine the barriers to building larger homes and the balance between the various demands for large and smaller units - arguing for a need to rebalance the current approach.

4 What stops London building larger family homes?

4.1 The failure to provide enough larger homes over recent years has been a major factor in the significant increases in overcrowding we have seen in London. Just 17 per cent of new homes built by housing associations in London (both social rented and intermediate homes) had three bedrooms or more in 2007/08, which was down from 39 per cent in 1997/98.[41]

4.2 GLA projections suggest London's average household size will decline from 2.34 persons per household to 2.19 by 2031.[42] But London's population will continue to be younger than elsewhere in the country, with more children and therefore, despite a falling average household size, there will still be a demand for larger family homes.

4.3 According to the GLA Strategic Housing Market Assessment[43], around 40 per cent of the requirement for new social housing is for homes with four bedrooms or more, reflecting both high levels of overcrowding and the small numbers of new family homes being built.

4.4 So what is stopping London from building larger family homes? This section examines three interrelated barriers: financial obstacles, the effect of housing targets and the impact of planning policies.

Financial obstacles

4.5 The financial viability of any new housing development depends on the balance between costs and value (or revenue). The cost of a development includes the purchase of the land, building costs and other costs such as meeting planning obligations. The value of a scheme is a reflection of the price of the resultant homes.

4.6 For social housing providers their development costs are balanced by the level of rents they can receive (which are set by the Tenant Services Authority - TSA) and any cross subsidy that can be generated by the sale of the market property or shared ownership elements of a scheme.

4.7 The gap between the costs and revenue needs to be bridged by public subsidy. Under the current model of housing delivery this is provided in the form of social housing grant from the National Affordable Housing Programme, administered by the Homes and Communities Agency (HCA).

4.8 Public subsidy will almost always be needed to build new affordable rented housing. For example, in outer London, the cost of building a 2 bedroom property is around £230,000, whilst the cost of a 4 bedroom property is £315,000[44] and subsidy is therefore required to make a socially rented development economically viable. This

subsidy can take a number of forms, including direct government subsidy in the form of social housing grant (now provided by the HCA), a financial contribution from a developer under a section 106 agreement[45], or cross-subsidy from the sale of the proportion of market homes in any new development or a combination of them.

4.9 Social rented housing, no matter who builds it, is therefore dependent on often public subsidy - and the current financial circumstances make home building even more dependent on HCA grant. However, this investigation has found that HCA grant is currently providing little economic incentive to build larger homes. This is a problem that needs to be addressed.

Social housing grant

4.10 The National Affordable Housing Programme is the main source of Government funding for increasing the supply of affordable homes in England. The HCA London Board, which is chaired by the Mayor, oversees and directs the investment programme of the HCA in the capital. In the forthcoming Localism Bill a more devolved arrangement for HCA activities in London will involve a transfer of all HCA London powers to the Mayor by April 2012.[46]

4.11 In areas like London it is expensive to develop new homes because of the high cost of land. For affordable homes, that will generate 'sub market' rent returns, grants for new social housing allow the builders of affordable housing (in most cases housing associations) to make a development economically viable. Housing associations apply for this grant each year for individual housing schemes (and it is often) topped up with financing borrowed by housing associations.

4.12 Further subsidy needed to make a scheme economically viable comes through section 106 contributions and cross subsidy from market sales and intermediate rented homes. Under the Government 'Affordable Rent' proposals it is likely that for sites where grant is reduced from current levels, section 106 will be expected to contribute a larger proportion of subsidy.

4.13 Grant for social homes tends to be allocated on a 'per unit' basis ie a fixed sum per unit of new affordable housing. HCA grant rates per social rented dwelling currently average around £100,000 per property regardless of the size of the home.

4.14 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 (see diagram showing sample build costs and grant rates below). To build a larger sized home would require a higher grant rate than for a smaller one – for example 60 percent for 4 bedrooms in contrast to 50 per cent for 2 bed homes.[47] Given that grant rates do not vary sufficiently with the size of home, schemes comprising smaller homes are often proposed since the grant available will cover the lower building cost of smaller units.

4.15 From 2008, HCA grant rates rose considerably as the effects of the credit crunch began to be felt by the housing market. Public subsidy had to rise to support private housing

investment and to compensate social developers for the loss of section 106 contributions and cross-subsidy from market and intermediate sales that, until then, had represented 15 – 20 per cent of the building cost of social rented homes.

4.16 However, the HCA now states that the current level of grant is unsustainable and that "grant is going to be tighter in future" and "we will be looking to squeeze grant rates quite tightly again".[48] This will make building larger affordable homes even more difficult.

4.17 The importance of grant is set to change following Government proposals for the 'Affordable Rent' model (see below from paragraph 5.37 onwards) and the grant element is likely to reduce as a proportion of total build costs. Nevertheless grant will remain a significant factor in the economic viability of social rented housing development.

Conclusion - the need for variable grant rates

4.18 Grant rates play a critical role in the amount of new larger homes that can be built and they need to change to make it easier to build bigger.

4.19 Experts were clear that "the best way to incentivise the building of larger properties is to provide a bigger grant for larger properties"[49] and "if grant rates were changed new larger homes could be completed within 12 to 18 months".[50]

4.20 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 need to be higher for larger homes. Grants based on 'per person' would allow the Mayor to demonstrate his or her success in helping the actual number of Londoners out of housing need, rather than by using the relatively unsophisticated target of total new homes – a target that does not accurately measure how home building meets housing need.

Rent levels

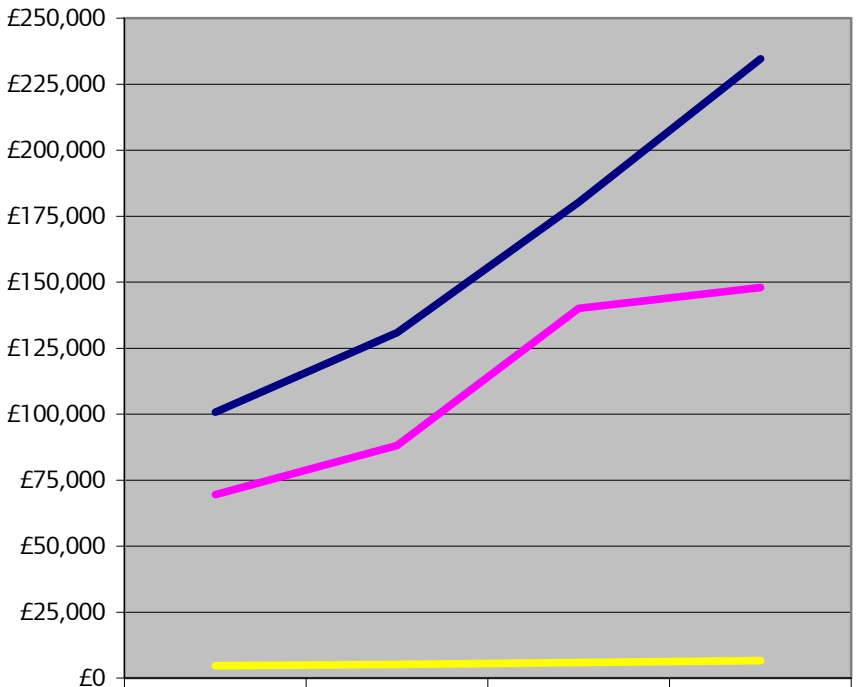
4.21 At the moment Government policy is designed to make sure that rents paid by tenants remain affordable and that tenants in similar properties in similar areas pay similar rents whether their landlord is a council or a housing association. To achieve this they set target rents that all properties in the public sector have to achieve. Housing associations charge rents in accordance with the objectives set out in the Government directions to the Tenant Services Authority.

4.22 In broad terms, rent does not increase significantly with the size of the home. Consequently relatively low rent differentials between small flats and larger houses do not offer an incentive to build bigger places to live. As in the case of affordable housing grant, the difference in weekly rents for two bedroom and four bedroom properties does not reflect the increased cost of building larger properties and therefore does not improve the business case for building homes with more bedrooms.

4.23 One housing association gave examples of 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 a bed home.[51]

4.24 Social housing providers draw up a business case for each new development with the aim of breaking even over a 40 year period. As well as the level of anticipated grant subsidy, the amount of rent collected will affect the business case. Lower rent differentials in many cases mean that larger properties are not economically viable - even over a 40 year period.[52] Figure 4 shows sample build costs and grant rates for a number of housing schemes in Greenwich.

Figure 4: Sample build costs and grant rates: Housing schemes in Greenwich



	1 bed	2 bed	3 bed	4 bed
Average build cost	£100,668	£130,842	£180,265	£234,640
Average grant	£69,498	£88,096	£140,103	£147,947
Average annual rent	£4,732	£5,252	£5,980	£6,708

Source: Moat Housing Association

4.25 The Spending Review in 2010 first announced proposals for an 'Affordable Rent' model that would allow housing associations the ability to offer tenancies at up to 80 per cent of local market rents.[53] The Government has said it expects housing associations to charge this rent, in most cases, in order to qualify for new funding. It also expects housing associations to charge the new rent model on re-lets and on some homes built with funding from the 2008-11 housing budget round that are not yet occupied.[54] As yet it is unclear how housing associations will use this model for new home building particularly given the interaction with other reforms, such as the benefit proposals.

Conclusion

4.26 Within a static budget increasing grant for larger homes would inevitably mean fewer homes overall would be delivered. However, as the hypothesis suggests (and the example of the effect of building one 6 bedroom home in section 3 above explains), the housing needs of more Londoners could be solved as opposed to the needs of the relatively few that benefit from building smaller homes. This, therefore, is likely to require a policy decision to choose the appropriate balance between building more larger homes at the expense of fewer homes overall.

4.27 To help decide on the balance, it is crucial to recognise the hidden costs of overcrowding and apply a wider 'social return on investment' test rather than the simple numerical value for money calculation in relation to the number of homes that can be built with the available levels of grant.[55] Applying a much broader concept of value, a social return on investment analysis would incorporate the social, health, environmental and economic costs and benefits into decision making, providing a fuller picture of the benefits of reducing overcrowding.

4.28 If targets and grant priorities are changed in this way, and these measures improved financial viability, there will be a greater number of larger homes and the number of people taken out of overcrowding will increase. There will be fewer Londoners in housing need overall.

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.

Target setting

4.29 The London Housing Strategy contains a target that more family sized affordable homes will be provided, with 42 per cent of social rented and 16 per cent of intermediate homes having three bedrooms or more by 2011.[56]

4.30 Progress, though variable, is being made with 39 per cent of social rented and nine per cent of new intermediate homes funded between April 2008 and May 2010 having at least three bedrooms.

4.31 Target setting is crucial to the delivery of affordable housing in London. The Chartered Institute of Housing believes "what gets measured gets done".[57] And so future Mayoral targets will "be absolutely key to what gets delivered in terms of family size social rent".[58]

4.32 The primary target the HCA is working to (and therefore targeting its funding) 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[59] are, in effect, subordinate targets, with less public profile.[60]

4.33 Setting a target for the delivery of larger social rented homes makes a difference to the outcome. As the GLA's Head of Housing argued, "We have a 42 per cent target in the current investment round. We had a lower target (36 per cent) in the previous investment round - and there was lower delivery in the previous one, before a target was set".[61] The Mayor's target that 42 percent of new homes should have 3 or more bedrooms is a result of a mixture of research, evidence and pragmatism. It is evidence based to the extent that the target is set on need identified in the SHMA – and pragmatic as it reflects what is thought feasible to deliver with the money available.[62]

4.34 Some experts argued that if addressing the housing needs of families could be made "priority one" for housing, it would send a strong signal to social housing providers about the significance of the issue.[63]

The need for larger social rented homes and Mayoral targets

4.35 Since 2006, national guidance (through Planning Policy Statement 3)[64] has required a strong evidence base to support housing and planning policies. Strategic Housing Market Assessments (SHMA) and Strategic Land Availability Assessments are an important part of this process. They provide information on the level of need and demand for housing and the opportunities that exist to meet it.

4.36 The 2008 London SHMA[65] set the capital's future housing requirement. It used a range of scenarios to quantify the level of housing need (detailed in Appendix C of the SHMA) that produced estimates of the 'net' demand for 4+ bedroom social housing. These ranged from 50,700 to 80,300 homes over a ten year period (between 38 per cent and 48 per cent of all required social rented homes).

4.37 The preferred scenario used in the SHMA and set out in the housing strategy shows the need for 4+ bedroom social rented homes to be 5,070 per year. However, this is not reflected in the relevant section of the Draft Replacement London Plan. Here it sets out that 3,326 social rented homes per year (42 per cent) should be 3+ bedroom.

4.38 The housing strategy and London Plan therefore define 3+ bedroom targets that are below the need identified in the SHMA which is for at least 40 per cent of new homes to be 4+ bedroom. As the GLA Head of Housing (responsible for delivering the Mayor's housing strategy) noted: "four bedroom homes for social rent – this is where the pressing need is".[66]

4.39 Moreover, there is evidence that the existence of this 42 per cent 3+ bed target is placing a limit on the number of larger homes being built.[67] Research suggests that while the actual need is for 4 bedroom homes, what is being built by developers and housing associations simply reflects the Mayor's 3+ bedroom target. The HCA says "they will only build the three beds because that achieves that target".[68]

Conclusion

4.40 The Mayor's 42 per cent target for 3+ bedroom homes does not reflect his own evidence base in terms of need, and should be revised upwards to reflect the need for 4+ bedroom homes.

4.41 Additional targets are needed for 4 and 5 bed houses otherwise the Mayor's 3 bed target will become the maximum size property developers will aim for in order to get planning permission.[69]

4.42 There is an opportunity to address these issues in the Mayor's forthcoming review of his housing strategy.

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.

Planning policy

4.43 Over recent years, London planning policy has contributed to higher density housing[70] which in turn has resulted in smaller sized units.[71] Other contributory factors include high land costs and planning obligations (section 106).

4.44 Acquiring housing 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 economic value it has.[72] But high density developments are not necessarily appropriate for family sized housing as this can put undue pressure on shared amenities[73] and can lead to problems with anti-social behaviour.[74]

4.45 Requiring family sized units also triggers additional section 106 contributions to pay for the additional social facilities that higher child populations create – in turn adversely affecting a scheme's economic viability.[75] For example the London borough of Southwark requires developers to pay £10,457 for every additional child a new development would house to cover increased education costs and the London borough of Camden seeks £13,679 for every new 4 bedroom home to reflect increased school expenditure.[76]

4.46 However where there is local political will a greater number of larger units can be delivered. Some boroughs do 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:

- The London borough of Camden's guidance specifies that 50 per cent of new homes should be 3+ bed.[77]
- The East London Sub-Regional Partnership has adopted a target that 50 per cent of new homes should have 3 or more bedrooms.[78]
- The London borough of Harrow is achieving 45 per cent new homes with 3+ bedrooms.[79]
- The London borough of Southwark has defined areas of the borough where new housing development should be at least 10 per cent, 20 per cent and 30 per cent of 3, 4 and 5 bedroom homes respectively.[80]

Conclusions

4.47 All housing targets are a mixture of political priorities and pragmatism, but the targets the Mayor sets in the next investment round will define what kind of housing is delivered in London over the coming investment period.

4.48 A move from a 'bricks and mortar' target to the number of people housed would more effectively match policy to need and encourage the provision of larger homes - as the overall target would be viewed in terms of 'people housed' or 'people taken out of housing need'. This is being proposed as a much more meaningful objective for what, after all, is a policy that is designed to meet the housing needs of Londoners.

5 Housing priorities and managing the existing housing stock

5.1 Much of the focus in terms of housing policy over recent years has been on building the maximum number of new affordable homes. Experts believe that this has given overcrowding a particularly low priority over the last five years as the policy to increase the number of new homes has been geared towards meeting other aspects of housing need such as homelessness.[81] Furthermore, another 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".[82]

5.2 This report is principally concerned with how to get larger homes built, but it is recognised that there are other measures that would have the same effect – making bigger homes available for overcrowded families. This section of the report looks at the way housing priorities are set and how the existing affordable housing stock could be managed differently to deal more effectively with overcrowding in social rented housing.

Housing priorities – the operation of the waiting list and allocations policies

5.3 All local authorities are responsible for their own housing allocations policy which must conform to legal requirements and have to publish their priorities and the procedure for allocating housing.[83]

5.4 Social rented housing is allocated in a number of ways by local authorities. Usually, when a new social rented home is built, or an existing one becomes vacant, it is filled from the 'waiting list'. In London the number of households on the waiting list has increased from 181,080 in 1997 to 354,389 in 2009.[84]

5.5 The 1996 Housing Act sets out the groups of people in housing need that must be given a 'reasonable preference' in terms of priority for the allocation of social rented housing.[85] In 2008/09 around 90 per cent of new housing lettings went to households in some form of reasonable preference category.[86]

5.6 All local authorities prioritise housing allocation by using either a 'points' system or a 'banding' system.

5.7 The points system is based on different types of housing need. More points are usually awarded to those who are homeless or are in temporary accommodation rather than those living in overcrowded conditions. Other priorities can reflect the medical conditions of people on the waiting list or the housing needs of young people leaving social care.

5.8 Banding schemes are also based on housing need. Boroughs normally operate between three and five bands, for example:[87]

- Band A – people with serious medical conditions with a need to move urgently because the current home is affecting a person's health;
- Band B – Families with children living in severe overcrowding; and
- Band C – all other applicants.

5.9 People in the same banding are normally housed in the order they joined the waiting list.

5.10 Boroughs use a number of ways to allocate priorities for rehousing but most local authorities now operate a choice-based lettings (CBL) scheme. Available properties are advertised locally with details of which type of household can bid for each one. The local council's housing department, or the housing association which is running the scheme then sorts the bids it receives in order of its priority. The household with the highest priority normally gets first refusal on the property.

5.11 Appendix 6 sets out the housing priorities currently operated by London local authorities. All prioritise certain groups – mostly using a banding system – and overcrowding will inevitably form part of the points gained through housing need. But only one borough, Kensington and Chelsea, has overcrowding in its top priority group (although both Camden and Haringey have overcrowding as their second priority).

5.12 These priorities are not only used to allocate vacant properties from within a local authority's own stock – councils also have the ability to allocate housing association homes to people on the waiting list.

5.13 Since the effective end of council house building, local authorities have had to find a mechanism whereby those on their housing waiting lists can be allocated homes. They do this through a process of 'nomination rights' where the local authority identifies applicants from its housing list, in accordance with its allocation policy, to be housed in a housing association property. This arrangement of nomination rights between housing associations and councils exists across all local authorities but the percentage of housing association properties subject to the nomination rights varies.

5.14 The impact of local authority priorities and nomination rights on overcrowding is explored below.

Temporary accommodation

5.15 Over the past twenty years or so there has been a growing trend for local authorities to deal with homelessness applications by placing people in 'temporary accommodation'[88] if they cannot be offered a permanent tenancy in social housing through the waiting list. People remain in temporary accommodation until a place in social housing becomes available.

5.16 The number of households accepted by London local authorities as 'homeless' rose from 26,310 in 1998 to 30,510 in 2003, after which it has declined steadily to 9,960 in 2009.[89] Increasingly housing authorities sought to deal with this pressure by placing homeless families into temporary accommodation and the figures for households in this form of housing rose from 25,550 (1998) to a peak of 62,740 in 2006. It has since declined to 47,780 in 2009.

5.17 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.[90] One expert told the Committee that some local authorities insist on every empty home that arises being made available to them by housing associations.[91]

5.18 The bill for housing people in temporary accommodation is a significant one for London local authorities. Figures from the Chartered Institute for Public Finance and Accountancy (CIPFA) show that in 2009/10, 24 London boroughs spent £417 million on providing temporary accommodation – an average of more than £17 million per borough.[92] Dealing with temporary accommodation cost the City of Westminster nearly £69 million alone. 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. As a consequence this can exacerbate overcrowding levels[93] by removing the possibility of moving overcrowded families into larger homes.

5.19 Paradoxically, it might be beneficial to give under-occupiers a place in the 'reasonable preference' category (overall priority) for social housing if it frees up larger family homes for overcrowded households.[94] Appendix 6 shows that Hillingdon gives tenants vacating a family sized home priority for rehousing and Enfield gives second priority preference to tenants who are under-occupying.

Conclusion

5.20 There appears to be greater incentives for local authorities to house the homeless (legal obligations) or those who are in temporary accommodation (financial implications) rather than those in overcrowded conditions. Yet, the impact of overcrowding imposes a number of substantial costs on health, education, social services and even criminal justice budget but these are not reflected in housing budgets. Local authorities need to reprioritise those in overcrowded accommodation for rehousing to address these wider costs. To encourage movement within the system under-occupiers should also get priority where this would free up larger homes.

Managing the stock

5.21 While building more family sized homes will go a long way to solving the needs of overcrowded families in London, meeting the demand for larger homes can also be achieved by freeing up these types of houses in the existing stock. This means managing under-occupation.[95]

5.22 Under-occupation is usually defined as being two or more bedrooms above the bedroom standard.[96] There are around 64,000 households in the social rented sector that are under-occupying their homes.[97] There has been little change in the rate of under-occupation over the past decade - the rate of under-occupation is eight per cent in social housing (11 per cent in the private rented sector) and across London varies from six per cent in Westminster and Kensington and Chelsea up to 13 per cent in Redbridge and Richmond.[98]

5.23 Of the under-occupied social rented homes in London, only about three per cent down-size each year.[99] The Mayor has targeted 12,000 'down-sizing moves' to contribute to his target of halving severe overcrowding by 2016.[100] This will, of course, not solve overcrowding on its own nor, as the low rate of down-sizing shows, will it solve the problem in a short time. Other proactive policy measures are also needed.

5.24 Unless local authorities and social landlords have an under-occupation policy most social tenants have little incentive to 'down-size'.[101] Social landlords therefore need to promote down-sizing by offering tenants a variety of incentives.

5.25 Various methods to incentivise down-sizing exist for example by giving households:

- Early sight of newly built smaller homes at a stage during the development process which would allow them to choose which unit they would like.
- An extra bedroom so for instance if a couple or a single person were moving out of a three bedroom house they can have a two bedroom flat.
- Financial incentives and help with moving
- 'Hand-holding' to help them through the process.
- Setting up an 'estate agent' style service that deals with all the aspects of moving home.
- Offering homes that are appropriate and attractive for older down-sizers.

5.26 Many good practice models and programmes exist to be followed but there are significant costs to incentivising down-sizing in terms of staff resources to do the hand holding. There are also costs in keeping some homes empty for longer than strictly necessary to allow the space for fitting the right sized household to the right sized home.

Managing priorities through allocation policies

5.27 Local authorities and housing associations manage their housing stock through a variety of means and have their own priorities based on local housing need. 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.[102]

5.28 '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.

5.29 Octavia Housing provided an example whereby they managed the vacancies arising from nine properties to address a range of housing needs. The whole process started when two one bedroom flats became vacant and, through a series of transfers that the resulting voids allowed, the housing association was able to effect the following outcomes:

- 3 overcrowding cases resolved.
- 3 under-occupying tenants moved.
- 1 medical and overcrowding case resolved.
- 1 priority transfer case implemented.
- 1 cross-borough housing transfer.

5.30 Appendix 7 details the process involved by property, type of household and the different housing needs of each household.

5.31 There are different duties applying to local authorities and housing associations in terms of overcrowding and the costs incurred by homelessness. Pressure to reduce the number of people in temporary overcrowding means housing associations often have to accept nominations to new properties or when 'voids' arise immediately they become vacant. This does not allow time to implement management policies that would make better use of existing stock by addressing over and under-occupation. In some cases, as in the Octavia Housing example above, the housing association believes that "this is the only way we can have an impact on our housing problems" but "nominations [from local authorities] are what kill this off – we give three-quarters of large properties to local authorities and 100 per cent of new developments".[103]

5.32 However, programmes that do this have needed extra 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, and usually £1,000 to £1,500 is needed to spend on repairs and general improvement work on the property.[104] There are also inevitable delays in lettings and people moving in.[105]

5.33 Some experts believe that housing associations may have reasons to overstate the extent to which chain lettings are a solution to overcrowding.[106] 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 always be the best way of meeting housing need in the area, as it will have to balance overcrowding against other statutory duties and priorities.

5.34 Others are of the view that local authority allocation policies actively prevent the better management of under-occupation. Housing associations believe the pressure from local authorities to accept borough nominations for the homeless and those in temporary

accommodation means they cannot manage their stock sufficiently to address the needs of the overcrowded.[107]

Conclusions

5.35 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.

5.36 In the short term there will be certain groups of Londoners in housing need that will not benefit from this approach – that is to say those people on the waiting list for homes or in temporary accommodation who will stay in this accommodation for longer. But there are significant long term advantages in housing and wider cost terms to tackling overcrowding as opposed to the short term advantages of reducing the number of people in temporary accommodation.

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.

Government proposals

5.37 The Government is proposing to reform the social housing system to give local authorities and social landlords the flexibility they need to make the best use of their social housing, in a way which best meets the needs of their local area.[108] Some of these proposals could potentially assist local authorities to reduce overcrowding.

5.38 Under current arrangements, local authority landlords must in most cases provide secure lifetime tenancies. Section 79 of the Housing Act 1985 provides that, where the landlord is a local authority and a tenant is occupying the property as their only or principal home, any tenancy granted by a local authority landlord will be a secure tenancy for the lifetime of the tenant.[109]

5.39 From April 2011 the Government proposes introducing a new 'Affordable Rent' model to be offered by housing associations. Affordable Rent will offer shorter term tenancies at a rent higher than social rent, to be set at a maximum of 80 per cent of local market rents. These proposals will only apply to new lettings and re-lets - existing tenancies operated by local authorities and housing associations will continue to apply.

5.40 The Government is also consulting on whether the 'reasonable preference' categories (see paragraph 5.5 above) should be expanded to include other groups. It is also proposing local authorities should be free to put in place arrangements which suit the particular needs of their local area. "Some local authorities might restrict social housing to those in housing need (e.g. homeless households and overcrowded families)".[110]

5.41 The Government should assess the impact of giving under-occupiers a priority for transfers when this will free up larger family homes. However, there is a danger that one of the effects of ending permanent terms (or lifetime tenancies) for new tenancies will be to discourage people from down-sizing as they will not want to lose their 'tenancy for life' status. Government should provide reassurances that their proposals will not discourage existing tenants, who are under-occupying, from moving to smaller homes. People who down-size need to retain their tenancy terms in order to encourage them to free up larger family homes.

Conclusions

5.42 There are different duties applying to local authorities and housing associations in terms of overcrowding and the costs incurred by homelessness. Pressure to reduce the number of people in temporary overcrowding means housing associations often have to accept nominations to new properties or when voids arise as soon as they become vacant. This does not allow time to implement management policies that would make better use of existing stock by addressing over and under-occupation.

5.43 Local authorities need to give housing associations much 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.

5.44 In the short term there will be people on the waiting list for homes or in temporary accommodation that remain longer in this kind of accommodation, but there are significant long term advantages in housing and wider cost terms to tackling overcrowding as opposed to the short term advantages of reducing people in temporary accommodation.

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.

6 Conclusion

6.1 Overcrowding is a result of the way the housing system operates in response to a complex interaction of demographics, policy and funding streams. Social housing choices and priorities are heavily influenced by monetary considerations including the financial advantages of building smaller homes and the budgetary incentives for local authorities of reducing the number of people in temporary accommodation.

6.2 This results in more overcrowding which has an impact that goes beyond the housing budget. It is the direct cause of more ill health, poor educational achievement for many Londoners and the increased demands on the social care and criminal justice systems. The additional cost of this is never factored into decisions on housing policy.

6.3 Local authority 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.

6.4 The findings in this report seek to rebalance the situation. It will take some time for the effect of these recommendations to be felt and, in the meantime, there will be Londoners in some types of housing need that remain in that accommodation for longer.

6.5 But ultimately the number of homes built would better reflect and address actual housing need - and the number of homes freed up would eventually be available to house those who do not get out of housing need immediately.

6.6 In a time of enormous pressure on social housing, making the best use of available 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.

6.7 Overall the amount of public subsidy needed for London's housing may reduce if this approach was adopted. It is a more radical approach but one that may prove to be more effective.

7 Postscript

7.1 This investigation started in the summer of 2010, just a few weeks after the General Election that brought in a new Government that was determined to make "radical reforms to the social housing system".

7.2 Over the following months details of these new reforms, and associated proposals to reform the housing benefit regime, have become clearer.

7.3 They include changes on tenure; the management of waiting lists; and the local authority duty to house the homeless. They also cover the introduction of the new 'Affordable Rent' tenancy and changes to the system of council housing finance. Further proposals covering measures hoping to increase mobility, as well as the central focus of this report, policies to tackle overcrowding and under-occupation.

7.4 It is clear from the debate that has been generated so far that these proposals will present a series of challenges as well as opportunities for the way the need for affordable housing is provided in London.

7.5 There are concerns that the proposals will make dealing with housing more difficult such as the various caps on housing benefit, the higher rents implied by the new form of tenancy and other welfare reforms. These have potential implications for mobility and reducing under-occupation that may occur if people are reluctant to sign new tenancy agreements. And on top of these changes there will be a reduction of Government funding for new affordable homes compared with previous budget rounds.

7.6 Others see the opportunities that the reforms present to enable local authorities and housing providers to adopt policies and manage social rented housing in a more flexible way that reflects local needs and priorities. This flexibility could be used to encourage mobility through shorter tenancies and provide a better match between local housing need and the scarce housing stock through better management of housing registers. The reforms also offer a new way of funding social housing in a time of tightening public finances. Already some social landlords are looking at opportunities to access new sources of finance.

7.7 The wider debate, in terms of the challenges and opportunities presented by the proposed reforms, will play itself out at all levels of government and the housing sector in the coming months - but the impact of the reforms is a separate matter, one that will be monitored through the Committee's ongoing housing work.

7.8 But this postscript serves to emphasise that the Government's proposals do not detract from the report, and its conclusions still apply - the principle that investing a larger

proportion of available public money in family sized homes will help resolve overcrowding and address the housing needs of more people than other uses of available resources.

7.9 At this difficult time, making the best use of London's social housing should be the main concern, and increasing the amount of larger family homes would tackle the housing problems of the greatest number of Londoners in housing need.

7.10 This is the conclusion reached by the whole Committee.

List of 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.

Appendix 1 Evidence base

Andrew Boff AM held seven meetings for this investigation with the following experts in August 2010:

- Chartered Institute of Housing (Abigail Davies, Head of Policy and Joyce Batten, London Branch Committee Member)
- Department for Communities and Local Government (Paul Downie, Deputy Director for Housing Management and David Clayton, Head of Overcrowding)
- East Thames Group (June Barnes, Chief Executive)
- Greater London Authority (Alan Benson, Head of Housing)
- Moat Housing (Brian Johnson, Chief Executive)
- Octavia Housing (Grahame Hindes, Chief Executive)
- Shelter (Rachael Orr, London Campaigns Manager)

The Planning and Housing Committee met with the following experts on 13 October 2010:

- Nick Taylor, Head of Area North London, Homes and Communities Agency
- Alan Benson, Head of Housing and Homelessness, Greater London Authority
- Brendan Sarsfield, Chief Executive, Family Mosaic Housing
- Maurice Duncan, Housing Regeneration Initiatives Co-ordinator, Southwark Council
- Dave Shiress, Co-ordinator, South East London Housing Partnership
- Mike Youkee, Chair, Mayor's Developers Group

Written submissions were received from the following organisations:

Organisation	**Evidence Reference**
Affinity Sutton	OSRH004
Amicus Horizon	OSRH031
Chartered Institute of Housing, London	OSRH032
Citizens Advice	OSRH012
City of London	OSRH021
Department for Communities and Local Government	OSRH043
East London Sub Regional Partnership	OSRH028
East Thames Group	OSRH003
Family Mosaic	OSRH002
G15 Group of Housing Associations	OSRH019
Genesis Group	OSRH022

Greater London Authority: Housing Unit	OSRH038
Hexagon Housing Association	OSRH007
Homes and Communities Agency, London Region	OSRH005
Kier Partnership Homes	OSRH009
London Borough of Barking and Dagenham	OSRH023
London Borough of Brent	OSRH037
London Borough of Bromley	OSRH001
London Borough of Camden	OSRH018
London Borough of Croydon	OSRH017/ OSRH040
London Borough of Harrow	OSRH027
London Borough of Hounslow	OSRH026
London Borough of Merton	OSRH036
London Borough of Redbridge	OSRH008
London Borough of Richmond upon Thames	OSRH011
London Borough of Southwark	OSRH033
London Borough of Waltham Forest	OSRH015
London Councils	OSRH035
London School of Economics	OSRH029
Mayor's Developers Group	OSRH030
Moat Housing	OSRH044
National Housing Federation	OSRH014
North London Sub Regional Partnership	OSRH020
Notting Hill Housing	OSRH013
Octavia Housing	OSRH045
Peabody Trust	OSRH016
Places for People	OSRH041
Royal Borough of Kingston upon Thames	OSRH039
Royal Institute of British Architects	OSRH010
Shelter	OSRH046
Shepherds Bush Housing Association	OSRH042
South East London Housing Partnership	OSRH006
St George Regeneration	OSRH024
The Hyde Group	OSRH025
West London Region Housing Partnership	OSRH034

Appendix 2 Definitions of overcrowding

Statutory overcrowding

Statutory overcrowding standards were introduced in 1935 and have not been updated since then. They are set out in the Housing Act 1985 that defines a dwelling as overcrowded if the number of persons sleeping in it exceeds a permitted number, based on the room or space standard:

- The Room Standard is breached if the number of people sleeping in a dwelling, and the number of rooms available as sleeping accommodation, are such that two people of opposite sexes who are not living together as husband and wife must sleep in the same room. Children under 10 do not count.
- The Space Standard specifies the maximum number of people who may sleep in a dwelling, and in the available rooms within it, having regard to (i) the number of available rooms of 50 square feet or more and (ii) the floor area of each room. Two calculations are required and the lower number applies. Babies under one year old do not count, and children between one and ten count as half.

For the purposes of these standards, a room is considered to be "available as sleeping accommodation" if it is "of a type normally used in the locality either as a bedroom or a living room".

The bedroom standard

The bedroom standard is one that is commonly used by social housing providers and is based on the composition of the household and their ages. Bedrooms are notionally allocated to members of the household based on consideration of age, sex, marital status and relationship of household members.

According to the standard, a separate bedroom is allocated to each of the following:

- Married or cohabiting couple
- Adult aged 21 years or more
- Pairs of adolescents aged 10–20 years of the same sex
- A pair of children aged under 10 years regardless of their sex

The standard is compared to the number of bedrooms available to, and for sole use by, the household and is the most widely used by social landlords in their allocations frameworks.

The Census definition

The Census measures persons per room, although from 2011 it is likely to include the bedroom standard also. Data is collected every ten years and published 18 months after the survey date. Some concerns have been expressed in the past about acknowledged issues which affect the accuracy of conducting the Census in London.

Severe overcrowding

In terms of the bedroom standard, severe overcrowding is defined as two or more bedrooms below the bedroom standard. In the Census definition, severe overcrowding relates to 1.5 persons per room or more and takes no account of the relationship between individuals.

Appendix 3 Social housing waiting list by size of home 2008

	Households on Waiting List 2008	Size of home needed					Percentage of total waiting list				
		1 bed	2 bed	3 bed	3+ bed	Unspecified	1 bed	2 bed	3 bed	3+ bed	Unspecified
Barking and Dagenham	10,844	5,136	3,215	2,358	135	0	47.4	29.6	21.7	1.2	0.0
Barnet	11,241	4,730	3,967	2,037	507	0	42.1	35.3	18.1	4.5	0.0
Bexley	6,180	3,446	1,691	907	136	0	55.8	27.4	14.7	2.2	0.0
Brent	20,386	10,277	5,946	2,860	1,303	0	50.4	29.2	14.0	6.4	0.0
Bromley	4,861	2,515	1,344	711	291	0	51.7	27.6	14.6	6.0	0.0
Camden	11,712	7,357	2,634	925	723	73	62.8	22.5	7.9	6.2	0.6
City of London	1,440	1,031	239	143	27	0	71.6	16.6	9.9	1.9	0.0
Croydon	10,044	5,016	2,743	1,684	601	0	49.9	27.3	16.8	6.0	0.0
Ealing	22,711	11,743	6,073	3,264	1,385	246	51.7	26.7	14.4	6.1	1.1
Enfield	6,378	2,379	1,777	1,835	386	1	37.3	27.9	28.8	6.1	0.0
Greenwich	13,486	8,449	3,228	1,279	530	0	62.7	23.9	9.5	3.9	0.0
Hackney	10,683	6,140	2,817	1,320	406	0	57.5	26.4	12.4	3.8	0.0
Hammersmith and Fulham	7,214	4,060	2,037	725	315	77	56.3	28.2	10.0	4.4	1.1
Haringey	15,095	6,817	4,888	2,675	715	0	45.2	32.4	17.7	4.7	0.0
Harrow	4,771	1,490	1,572	1,127	582	0	31.2	32.9	23.6	12.2	0.0
Havering	7,714	4,387	2,225	971	113	18	56.9	28.8	12.6	1.5	0.2
Hillingdon	8,175	4,147	2,279	1,193	556	0	50.7	27.9	14.6	6.8	0.0
Hounslow	11,334	5,066	3,269	2,089	622	288	44.7	28.8	18.4	5.5	2.5
Islington	11,311	6,895	2,179	684	311	1,242	61.0	19.3	6.0	2.7	11.0
Kensington and Chelsea	6,284	3,397	1,699	853	335	0	54.1	27.0	13.6	5.3	0.0
Kingston upon Thames	6,127	3,320	1,710	797	300	0	54.2	27.9	13.0	4.9	0.0
Lambeth	15,479	9,593	4,338	1,124	424	0	62.0	28.0	7.3	2.7	0.0
Lewisham	17,256	7,621	5,416	3,113	1,106	0	44.2	31.4	18.0	6.4	0.0
Merton	6,542	3,556	1,615	1,084	287	0	54.4	24.7	16.6	4.4	0.0
Newham	28,579	13,929	8,793	4,430	1,427	0	48.7	30.8	15.5	5.0	0.0
Redbridge	13,188	5,979	4,349	2,283	577	0	45.3	33.0	17.3	4.4	0.0
Richmond upon Thames	5,549	3,290	1,440	672	147	0	59.3	26.0	12.1	2.6	0.0
Southwark	8,604	5,427	2,161	640	256	120	63.1	25.1	7.4	3.0	1.4
Sutton	4,091	2,103	1,152	708	108	20	51.4	28.2	17.3	2.6	0.5
Tower Hamlets	18,582	10,345	3,911	3,216	1,110	0	55.7	21.0	17.3	6.0	0.0
Waltham Forest	9,655	4,458	3,196	1,363	621	17	46.2	33.1	14.1	6.4	0.2
Wandsworth	8,924	4,608	2,606	1,216	494	0	51.6	29.2	13.6	5.5	0.0
Westminster	8,513	4,738	2,427	1,075	273	0	55.7	28.5	12.6	3.2	0.0
London	352,953	183,445	98,936	51,361	17,109	2,102	52.0	28.0	14.6	4.8	0.6

Source: CLG housing statistics http://www.communities.gov.uk/documents/housing/xls/1393588.xls

Appendix 4 Number of people that can be taken out of housing need

This table provides further information to Figure 3.

	Number of people in overcrowded conditions			Number of people **now not overcrowded**	
Number of bedrooms	Overcrowded by bedroom standard +1	Overcrowded by bedroom standard +2		Now below bedroom standard	Now at bedroom standard
New 6 bedroom house added to the stock				11	12
5	11	12	Move to 6 bed	9	10
4	9	10	Move to 5 bed	7	8
3	7	8	Move to 4 bed	5	6
2	5	6	Move to 3 bed	3	4
1	3	4	Move to 2 bed	1 from waiting list	2 from waiting list
Total people moved out of overcrowding				**36**	**42**

Appendix 5 Components of London's housing need

Households on London's social rented housing waiting list (2009)	354,389 (11.2 per cent all London's households)			
Waiting list by size of home needed (2008)	1 bed 183,445	2 bed 98,936	3 bed 51,361	3+ bed 17,109
Percentage of total waiting list (2008)	1 bed 52.0%	2 bed 28.0%	3 bed 14.6%	3+ bed 4.8%
Overcrowded households in social rented sector	102,000 (11,000 severely overcrowded)			
Households in temporary accommodation (2010)	37,910			
Rough sleepers in London (street count 2010)	241			
Over the course of 2009/10 the number of people recorded sleeping rough[111]	3,673			

Appendix 6 Borough housing register allocation priorities

	Priority 1	**Priority 2**
Barking and Dagenham	Additional preference	Cumulative reasonable preference
Barnet	400+ points	100 – 299 points
Bexley	Band 1	Band 2
Brent	Band A	Band B
Bromley	Band A	Band B
Camden	Group A – homelessness Group B – homelessness	Group C – overcrowding Group D – medical and disability needs
City of London	Top priority route	2nd priority route
Croydon	Band 1 Band 2	Band 3
Ealing	Additional preference – emergency rehousing	Band A – priority group
Enfield	Homeless households in temporary accommodation	Council tenants under-occupying
Greenwich	Band A	Band B
Hackney	Emergency and urgent	Priority/homeless
Hammersmith and Fulham	Band A	Band B
Haringey	Families and children – homeless	Overcrowding
Harrow	Band A	Band B
Havering	Band A – urgent housing need	Band B – priority housing need
Hillingdon	Band A – tenants vacating family sized property	Band B – tenants in temporary accommodation
Hounslow	Band A	Band B
Islington	Over 140 points	Less than 140 points
Kensington and Chelsea	1. homeless people 2. overcrowding	3. Health of welfare needs
Kingston upon Thames	Band A – emergency and top priority	Band B – urgent need to move
Lambeth	Group A Group B	Group C Group D
Lewisham	Band AA	Band A
Merton	Band A Band B Band C	Band D Band E
Newham	Additional preference – emergency rehousing	Priority homeseeker
Redbridge	Additional preference	Cumulative reasonable preference
Richmond upon Thames	400+ points	300 – 399 points
Southwark	Band 1	Band 2
Sutton	Band 1 Band 2	Band 3 Band 4
Tower Hamlets	Community group 1	Community group 2
Waltham Forest	Additional preference	Reasonable preference
Wandsworth	200+ points on general needs quote	100 – 199 points on general needs quote
Westminster	Band A	Band B

Source: Mobility for London's social tenants: HCA London Board consultation, December 2010:

http://www.london.gov.uk/sites/default/files/Mobility%20for%20London%27s%20social%20tenants%20-%20consultation%20December%202010.pdf

Appendix 7 Chain lettings - addressing the housing needs of Londoners

Property	Reason for void	Outgoing tenants	Incoming tenants
Ray House - 1 bed flat	1 tenant died and 1 flat became void through the end of a short let.	Mrs E tenant in a flat at Ray House passed away, no succession and so Ray House vacant. Another flat at Ray House also became available due to end of short life licence.	2 one bed flats in Ray house. 1 flat offered to under-occupier at Elgin – this freed up a 3 bed.
Elgin Crescent - 3 bed house	Under-occupiers in 3 bed home offered 2 one bed flats. Overcrowded family offered 3 bed home - frees up a 2 bed.	Mrs Z and daughter were under-occupying a 3 bed home. A flat at Ray House offered to Mrs Z and another in Ray House to Ms Z.	Ms N offered Elgin Crescent to relieve overcrowding resulting in a void at Rowe House.
Rowe House - 2 bed flat	Overcrowded household offered a larger home. Under-occupier offered a smaller flat.	Mrs N, partner and 2 children of opposite sex living in overcrowded conditions (living in a 2 bed flat) offered Rowe House (3 bed).	Ms B offered Rowe House as an under-occupier to release large family home resulting in a void at Shirland Road (a 4 bed house).
Shirland Road – 4 bed house	Under-occupier offered smaller home. Overcrowded family offered larger house.	Ms B, and son undero-ccupying 4 bed house at Shirland Road. Shirland Road offered to the Z family and their 4 children.	Mr & Mrs Z and their 4 children move into Shirland Road home resulting in a void at Ranston Street (2 bed flat).
Ranston Street -2 bed flat	Overcrowded family offered larger home and under-occupier moves into smaller flat.	Mr & Mrs Z, 2 daughters and 2 sons living in overcrowded conditions in a 2 bed flat offered 4 bed house. Under-occupier moves in to 2 bed flat.	Ms L under-occupying a 3 bed moves to Ranston Street to release large family home at Mulberry Court.
Mulberry Court – 3 bed flat	Under-occupiers offered smaller flat. Overcrowded family moves to larger home	Mrs L under-occupying a 3 bed flat at Mulberry Court moves to 2 bed flat and Mulberry Court offered to overcrowded family.	Mr & Mrs D and 3 daughters living in overcrowded conditions at Saltram Crescent offered 3 bed flat resulting in Saltram Crescent (2 bed) becoming void.
Saltram Crescent -2 bed flat	Overcrowded family offered larger home and tenant with urgent need to transfer moves home.	Mr & Mrs D living in a 2 bed with 3 daughters in overcrowded conditions, offered a 3 bed home. Home offered to tenant with urgent housing need.	Ms L on management transfer list with a very urgent requirement to move in a 2 bed flat moves to another 2 bed flat resulting in Winterbourne House becoming void.
Winterbourne House - 2 Bed flat	Tenant with urgent need to move freed up a ground floor flat needed by tenant with a medical condition.	Ms L needed an urgent management transfer in a 2 bed flat. Void offered to couple with medical needs.	Mr D and partner Ms R offered ground floor property as Mr M has severe medical condition requiring a ground floor property resulting in Ladbroke Grove (1 bed flat) becoming void

Ladbroke Grove - 1 Bed	1 bed flat became void due to rehousing existing tenants. Void filled by tenant from another borough that freed up a bed sit which was offered to a tenant from another housing association via mutual exchange.	Mr D has severe medical condition and needed to be discharged from hospital to a 2 bed ground floor flat. Resulting void advertised on Locata and offered to a cross-borough applicant from Thames Valley Housing Association.	Miss K successful cross-borough bidder moved from a bed sitter and subsequently applies for a mutual exchange with a tenant from another housing association, Mr L.

Pattern of movement	**Outcomes**
• 1 bed vacancy, frees up a 3 bed flat. • 3bed allows for a 2 bed overcrowded household to move • 2 bed used for under-occupier and frees up a 4 bed • 4 bed solves overcrowding leaving a 2 bed cottage • 2 bed good quality home used to free up a 3 bed • 3 bed relieves overcrowding in a 2 bed • 2 bed used for a 2 bed management transfer • Subsequent 2 bed used to relieve overcrowding in a one bed • Finally the one bed goes to out borough letting through Locata. Locata is a scheme where a tenant can bid for up to three vacant homes that are advertised on a web site independently of local authority or RSL.	• 3 overcrowding cases resolved • 3 Under-occupying tenants moved • 1 Medical & Overcrowding case resolved. • 1 Management transfer case • 1 Cross-borough Locata move

Appendix 8 Orders and translations

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Endnotes

[1] Architectural Journal 26 October 1933, page 11 http://www.locallocalhistory.co.uk/municipal-housing/slum-cleance/index-m.htm

[2] Overcrowding in social housing: A London action plan, Greater London Authority, July 2010

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

[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), DCLG, Housing in London 2007-08

[4] GLA, London and Sub-Regional Strategy Support studies database, 2008

[5] Report of an analysis of Survey of English Housing data commissioned by Shelter http://news.bbc.co.uk/1/hi/england/london/8173773.stm

[6] http://www.communities.gov.uk/documents/housing/pdf/140627.pdf

[7] http://www.legislation.gov.uk/ukpga/1985/68/part/X

[8] Section 325 of the Housing Act 1985

[9] http://www.parliament.uk/briefingpapers/commons/lib/research/briefings/snsp-01013.pdf

[10] Overcrowding assessments are usually carried out by a local authority Environmental Health Officer

[11] http://www.parliament.uk/briefingpapers/commons/lib/research/briefings/snsp-01013.pdf

[12] http://www.parliament.uk/briefingpapers/commons/lib/research/briefings/snsp-01013.pdf

[13] Local Government Regulation - formerly the Local Authorities Coordinators of Regulatory Services (LACORS), as part of the Local Government Group, is the local government central body responsible for overseeing local authority regulatory and related services in the UK

http://www.lacors.gov.uk/lacors/ContentDetails.aspx?id=16604

[14] See, for example, Shelter's campaign http://www.hayh.org.uk/campaigns_details.php?id_article=154&offset=0

[15] ODPM: Housing, Planning, Local Government and the Regions Committee, Tenth Report of Session 2002-03, The Draft Housing Bill, HC 751-I, para 32

[16] Tackling overcrowding in England: An action plan (paragraph 27), DCLG November 2007

[17] http://www.parliament.uk/briefingpapers/commons/lib/research/briefings/snsp-01013.pdf

[18] The survey covers all housing tenures and provides information and evidence to inform the development and monitoring of Government housing policies. Results from the survey are also used by a wide range of other users including local authorities and housing associations. The interview survey is conducted with all householders in the sample (around 17,000 households per year). http://www.communities.gov.uk/housing/housingresearch/housingsurveys/englishhousingsurvey/

[19] While the waiting list is an indicator of housing need, it is a relatively poor one. Currently local authorities have to keep "open" waiting lists that mean people can apply to get onto any waiting list whether they need social housing or not. The Government has said "open waiting lists" have encouraged households to put their names on housing waiting lists even where they have no real need of social housing - which has contributed to an increase in waiting list numbers. Local decisions: a fairer future for social housing, DCLG November 2010. Waiting lists are not used in any borough or London wide housing need assessments for this reason

[20] Localism Bill – social housing reform elements: Clauses 121 to 123 of the Bill amend the Housing Act 1996 so that authorities can prepare an allocation scheme through which they will have the freedom to determine who should qualify to go on their housing waiting list. Under the current system-sometimes described as the open waiting list- local authorities must include on their waiting lists for social housing anyone who applies. This measure will allow local authorities to set waiting list policies that are

appropriate to their local area and, to be workable, should require a better assessment of local housing need categories.

[21] This had increased by 15 per cent over the previous year - from 14,882 households

[22] London has 75 per cent of all England's households in temporary accommodation.

[23] Rough Sleeping Statistics England - Autumn 2010, DCLG rough sleeping returns http://www.communities.gov.uk/documents/statistics/xls/1845849.xls

[24] The most recent studies include - Full House? How overcrowding affects families, Shelter, 2005 and Chance of a lifetime: the impact of bad housing on children's lives, Shelter, 2006.

[25] Based on a study that found the risk of a child under eight contracting bacterial meningitis was 10 times greater in overcrowded housing, even when other contributing factors such as age, ethnicity and socio-economic status were taken into account. "Chance of a lifetime", Shelter, 2006 http://england.shelter.org.uk/__data/assets/pdf_file/0009/66429/Chance_of_a_Lifetime.pdf

[26] ODPM, The impact of overcrowding on health and education: a review of the evidence and literature, 2004 http://www.communities.gov.uk/documents/housing/pdf/140627.pdf

[27] Impacts of overcrowding on educational attainment http://england.shelter.org.uk/__data/assets/pdf_file/0016/39202/Chance_of_a_Lifetime.pdf

[28] http://www.insidehousing.co.uk/overcrowding-in-25-of-homes-in-poorest-areas/1446245.article

[29] Overcrowding in social housing: A London action plan, Greater London Authority, July 2010

[30] Apportionment of London's Regional Housing Pot 2008-11, Appendix 1, Mayor's Housing Strategy, February 2010 http://www.london.gov.uk/sites/default/files/uploads/Housing_Strategy_Final_Feb10.pdf

[31] http://www.london.gov.uk/media/press_releases_mayoral/larger-homes-key-cracking-capital%E2%80%99s-unacceptable-overcrowding

[32] Foreword, Mayor's Housing Strategy, February 2010 http://www.london.gov.uk/sites/default/files/uploads/Housing_Strategy_Final_Feb10.pdf

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

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

[35] See notes of the rapporteur meetings with 8 housing experts at: http://www.london.gov.uk/overcrowding

[36] http://www.london.gov.uk/publication/2008-london-strategic-housing-market-assessment

[37] Meeting with Alan Benson, GLA 17 August 2010, OSRH038

[38] Strategic housing and planning objectives: Planning Policy Statement 3: Housing, 9 June 2010 http://www.communities.gov.uk/documents/planningandbuilding/pdf/planningpolicystatement3.pdf

[39] Meeting with June Barnes, East Thames Group 2 August 2010, OSRH003

[40] Meeting with Alan Benson, GLA 17 August 2010, OSRH038

[41] The London Housing Strategy, Mayor of London, February 2010

[42] http://www.london.gov.uk/shaping-london/london-plan/docs/strategic-housing-land-study-09.pdf

[43] GLA, 2008 London Strategic Housing Market Assessment, 2009

[44] Meeting with Brian Johnson, Chief Executive, Moat Housing, 6 August 2010, OSRH044, answers to supplementary questions

[45] Section 106 of the Town and Country Planning Act 1990 allows local authorities to negotiate agreements with developers that require them to make some form of financial commitment if planning permission is obtained for new development

[46] http://www.homesandcommunities.co.uk/london

[47] Meeting with Brian Johnson, Chief Executive, Moat Housing, 6 August 2010, OSRH044

[48] David Lunts, London Director HCA, Planning and Housing Committee, 22 June 2010 http://www.london.gov.uk/moderngov/Data/Planning%20and%20Housing%20Committee/20100622/Minutes/Transcript%20PDF.pdf

[49] Meeting with Rachel Orr, Shelter, 10 August 2010, OSRH046. Supported by a range of other organisations e.g SELP, Hexagon Housing, Kier Homes, Peabody, G15 Group of Housing Associations, London Councils

[50] Meeting with Brian Johnson, Chief Executive, Moat Housing, 6 August 2010, OSRH044

[51] Meeting with Brian Johnson, Chief Executive, Moat Housing, 6 August 2010, OSRH044

[52] Meeting with Brian Johnson, Chief Executive, Moat Housing, 6 August 2010, OSRH044

[53] The Spending Review first raised proposals for a "new intermediate rental contracts that are more flexible, at rent levels between current market and social rents": http://cdn.hm-treasury.gov.uk/sr2010_completereport.pdf. Local decisions: a fairer future for social housing,

November 2010, DCLG, set out further details of this new model for funding social housing http://www.communities.gov.uk/documents/housing/pdf/1775577.pdf

[54] Next steps towards fairer social housing, 9 December 2010 http://www.communities.gov.uk/news/newsroom/1792370

[55] For example Social Return on Investment, Cabinet Office, 2009

– an introduction http://www.sroiproject.org.uk/media/1477/SROI-Supplement_intro_for_web.pdf

[56] The target for larger social rented homes has applied since 2008, the increase in the proportion of family sized intermediate homes is being phased in: eight per cent in 2008/09, 12 per cent in 2009/10 and 16 per cent by 2010/11.

[57] Meeting with Chartered Institute of Housing, 18 August 2010, OSRH032

[58] Alan Benson, GLA Head of Housing. Planning and Housing Committee meeting, 13 October 2010 http://www.london.gov.uk/moderngov/mgConvert2PDF.aspx?ID=3539&T=9

[59] For example the Mayor's targets that 42 per cent of new social rented homes should have 3 or more bedrooms, 60 per cent of new social homes should be for rent and 40 per cent as "intermediate" housing

[60] Meeting with Alan Benson, GLA 17 August 2010, OSRH038

[61] Alan Benson, GLA Head of Housing. Planning and Housing Committee meeting, 13 October 2010 http://www.london.gov.uk/moderngov/mgConvert2PDF.aspx?ID=3539&T=9

[62] Meeting with Alan Benson, GLA 17 August 2010, OSRH038

[63] Meeting with Chartered Institute of Housing, 18 August 2010, OSRH032

[64] http://www.communities.gov.uk/documents/planningandbuilding/pdf/planningpolicystatement3.pdf

[65] http://legacy.london.gov.uk/mayor/housing/prices/docs/SHMA-main-report.pdf

[66] Alan Benson, Planning and Housing Committee 13 October 2010 http://www.london.gov.uk/moderngov/mgConvert2PDF.aspx?ID=3539&T=9

[67] DaveShiress, South East London Housing Partnership, Planning and Housing Committee meeting, 13 October 2010 http://www.london.gov.uk/moderngov/mgConvert2PDF.aspx?ID=3539&T=9

[68] Nick Taylor, Head of Area North London, HCA, Planning and Housing Committee meeting, 13 October 2010 http://www.london.gov.uk/moderngov/mgConvert2PDF.aspx?ID=3539&T=9

[69] The Hyde Group, written submission, OSRH025

[70] The London Plan Annual Monitoring Reports consistently show the number of residential schemes receiving planning permission exceed the London Plan Housing Density Matrix which seeks to ensure that development proposals achieve the highest possible intensity of use compatible with local context and with public transport capacity. The percentage of schemes approved at higher densities than the Plan sets out as appropriate for specific locations were: 69 per cent (2006/07), 63 per cent (2007/08), 62 per cent (2008/09) and 63 per cent (2009/10) http://www.london.gov.uk/sites/default/files/Annual%20Monitoring%20Report%207%20Feb%202011.pdf

[71] Meeting with June Barnes, East Thames Group 2 August 2010, OSRH003

[72] Meeting with Chartered Institute of Housing, 18 August 2010, OSRH032

[73] London Borough of Camden, written submission, OSRH018

[74] Meeting with June Barnes, East Thames Group 2 August 2010, OSRH003

[75] For example written submissions from Kier Partnership Homes, OSRH009 and London Borough of Hounslow, OSRH026

[76] "Who Gains? The operation of section 106 planning agreements in London", London Assembly Planning and Spatial Development Committee, March 2008
http://legacy.london.gov.uk/assembly/reports/plansd/section-106-who-gains.pdf

[77] London Borough of Camden, written submission, OSRH018

[78] South East London Housing Partnership, written submission, OSRH006

[79] London Borough of Harrow, written submission, OSRH027

[80] London Borough of Southwark, written submission, OSRH033

[81] E.g. meeting with Octavia Housing, 24 August 2010, OSRH045 and London Borough of Merton, OSRH036

[82] Meeting with DCLG, 6 August 2010, OSRH0043

[83] Part 6 of the 1996 Housing Act, as amended by the 2002 Homelessness Act

[84] http://www.communities.gov.uk/documents/housing/xls/table600.xls

[85] Reasonable preference categories are: people who are homeless, in temporary accommodation, those occupying insanitary or overcrowded, people who need to move on medical or welfare grounds; and people who need to move to a particular area of the housing authority.

[86] Local decisions: a fairer future for social housing consultation. DCLG November 2010
http://www.communities.gov.uk/documents/housing/pdf/1775577.pdf

[87]
http://www.direct.gov.uk/en/HomeAndCommunity/Councilandhousingassociationhomes/Councilhousing/Applying/DG_188706

[88] This includes accommodation in hotels, hostels, bed and breakfasts and short term leases on private rented housing

[89] http://www.communities.gov.uk/documents/housing/xls/1804412.xls

[90] E.g. 42 per cent of new lettings in the London Borough of Merton go to the homeless, written submission, OSRH036

[91] Meeting with Chartered Institute of Housing, 18 August 2010, OSRH032

[92] The cost in 2008/09 was even higher - £478 million for 26 boroughs – an average of more than £18 million per borough. Figures from CIPFA provide details of the cost of hostel, bed and breakfast and leasehold accommodation. The data is accessible from the CIPFA website at:
http://www.cipfastats.net/housing/homelessness/

[93] Meeting with June Barnes, East Thames Group, 2 August 2010, OSRH003

[94] Views from experts at Planning and Housing Committee, 13 October 2010
http://www.london.gov.uk/moderngov/mgConvert2PDF.aspx?ID=3539&T=9

[95] Managing under-occupation: A guide to good practice in social housing. DETR, April 2001
http://www.communities.gov.uk/documents/housing/pdf/138895.pdf

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

[97] Around 25 per cent of all households in London (750,000) are under-occupied. However 84 per cent of these are owner-occupiers, with the remainder split roughly evenly between social housing (64,000 households) and the private rented sector (60,000 households).

[98] GLA analysis from Survey of English Housing and London and Sub-Regional Strategy Support Studies data, Overcrowding in London: A London action plan. Mayor of London July 2010

[99] Meeting with DCLG, 6 August 2010, OSRH0043

[100] Mayor's Housing Strategy, February 2010
http://www.london.gov.uk/sites/default/files/uploads/Housing_Strategy_Final_Feb10.pdf

[101] Meeting with June Barnes, East Thames Group, 2 August 2010, OSRH003

[102] Meetings with Octavia Housing, 24 August 2010, OSRH045 and DCLG, 6 August 2010, OSRH0043

[103] Octavia Housing, "one chain of lettings" presentation, supplementary to OSRH045

[104] Meeting with Octavia Housing, 24 August 2010, OSRH045

[105] Meeting with Alan Benson, GLA, 17 August 2010, OSRH0038

[106] Meeting with Alan Benson, GLA, 17 August 2010, OSRH0038

[107] Meeting with Octavia Housing, 24 August 2010, OSRH045

[108] Local decisions: a fairer future for social housing consultation. DCLG November 2010
http://www.communities.gov.uk/documents/housing/pdf/1775577.pdf

[109] Local decisions - paragraph 2.1
http://www.communities.gov.uk/documents/housing/pdf/1775577.pdf

[110] Paragraph 4.9 Local decisions: a fairer future for social housing consultation. DCLG November 2010
http://www.communities.gov.uk/documents/housing/pdf/1775577.pdf

[111] Combined Homelessness and Information Network, bulletin 2009/10
http://anmblog.typepad.com/files/street-to-home-bulletin.pdf

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