

London Tenants Federation – 2751 - M17 Housing Requirement

Is the need for 66,000 additional homes per year identified by the Strategic Housing Market Assessment (SHMA) justified and has it been properly calculated for market and affordable housing having regard to national guidance?

No. We think this is unsound – is not justified.

- (i) The calculation for additional homes is based on an assumption of backlog of need being addressed over a 25-years period. This is inappropriate given the very high level of backlog and particularly that this negatively impacts (disproportionately) on low income households, with 78% of the backlog being for low cost / social rented homes (some 163,000).

Planning Policy Guidance on Objectively Assessed Need does not provide a timeframe for addressing backlog need. However, it would seem that for the GLA to constantly stretch the timeframe for addressing the backlog of need (and to know that in all likelihood the backlog of low cost / social rented homes will simply continue to increase) makes a mockery of assessing affordable housing need and its component parts.

We challenge the idea that this is reasonable or equitable, when low-cost / social rented homes are really the only housing types that meet the needs of households with below median income levels.

This does not meet the requirements of paragraph 7 of the NPPF, particularly in respect of the social element of achieving sustainable communities.

It does not enable good growth to occur as it knowingly leaves increasingly high levels of homelessness, overcrowding and families housed in private accommodation with rents way above their ability to pay and vulnerable to changing policy on benefit (universal credits).

The ultimate impact is that a diverse range of low-income households, often with high levels of support needs, are being forced out of London, away from their families, friends and local support networks – necessarily impacting in areas / authorities outside London.

- (ii) It is not clear that the SHMA has analysed levels of displacement as opposed to households choosing to leave London. We know, for example that London boroughs continue to export households that need low-cost social rented housing out of London.

- The Guardian reported in October 2018¹ that *the number of households being moved out of London by councils has increased dramatically, rising by almost 50% in the first half of this year as town hall leaders blame rising homelessness, tightening public finances and a chronic lack of new cheap homes in the capital.*

They said that Councils have sent homeless households as far away as Glasgow, Newcastle and Cardiff in the last year, according to figures collected by local authorities and seen by the Guardian. Seven hundred and 40 households have been relocated to Kent, 574 to Essex, 30 to the West Midlands and 69 to Surrey.

¹ <https://www.theguardian.com/society/2018/oct/29/number-of-homeless-households-moved-out-of-london-soars>

More than 1,200 households were sent out of the capital in the first six months of this year – a 46% rise in the number of out-of-London placements. Six hundred and eighty-eight households were sent away between April and June alone, the highest rate in at last six years, up from 113 households in the first quarter of 2012-13.

- This is presumably the ongoing impact of post introduction of local housing allowance, which created displacement of households as the rents of private properties used by authorities to place homeless families in, were/are above the LHA limits. While government data repeats that most displacement has occurred within London’s boundaries, anecdotal evidence from early on was that inner London boroughs were moving households to outer London boroughs and outer London boroughs moving households to areas outside London – both at the edges of London and further afield.

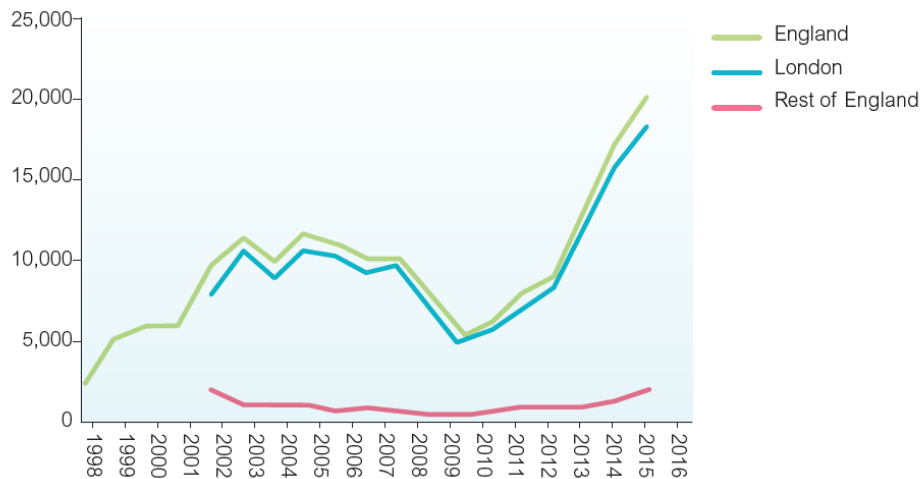
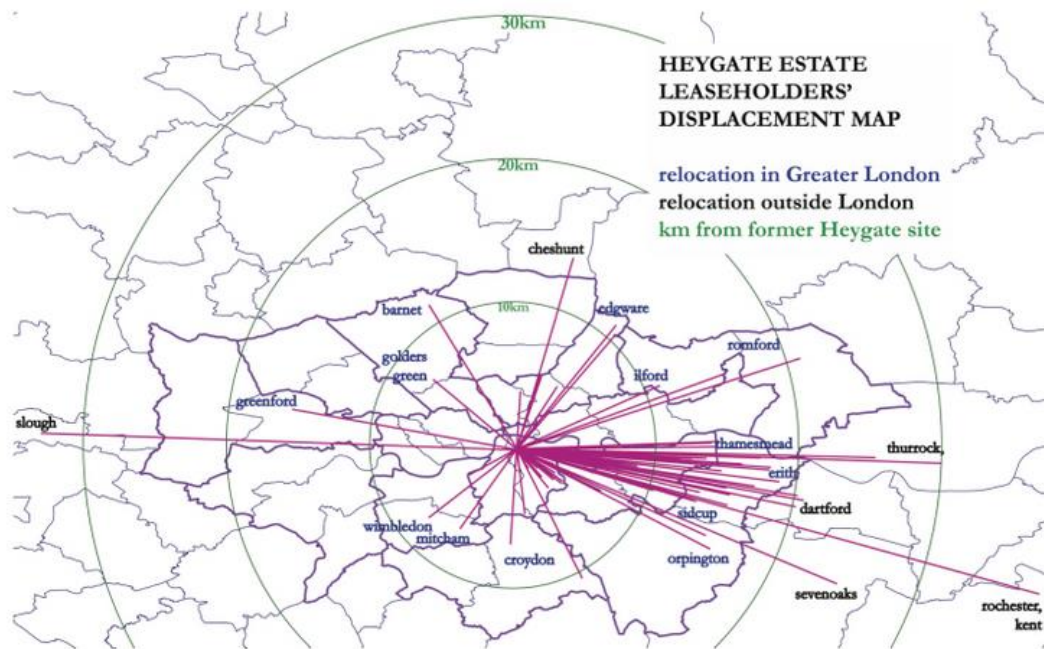


Chart 5 Number of households in temporary accommodation outside the placing local authority
Source: DCLG Homelessness Live Tables

- There is ongoing displacement of council tenants and leaseholders as a result of estate demolition schemes – including those the Mayor approved during the very long time period that he took to publish his Good Practice Guide on Estate Regeneration. Professor Lorretta Lees’ (Leicester University) current research project, which focuses on gentrification, displacement and the impacts of estate renewal in London in the C21st shows that a conservative estimate of 135,000 London council tenants have been displaced since 1997, through 54,263 council homes being demolished or slated for demolition in schemes of 100 units or more.

While clearly much of this displacement will have taken place within London’s boundaries, we know at the very least, that leaseholders have struggled to find new homes that are affordable to them in their localities when estate regeneration has occurred and many are forced to move from London. Please see map below on leaseholder displacement (from the Heygate estate demolition).



Map produced for and originally published in LFE, Just Space, SNAG and Lees, L. (2014) Staying Put: An Anti-gentrification Handbook for Council Estates in London.

(iii) Page 78 of the SHMA (table 3, on affordability tests, section (ii)): suggests in relation to those counted as needing intermediate housing *they can afford market rents but are not satisfied with their current tenure and they expect to eventually buy their own home*. We suggest this is inconsistent with planning policy guidance.

Surely, if households can afford market rents then in an objectively assessed needs analysis, they shouldn't be added to the numbers needing affordable housing.

There are many households living in private rented accommodation that are dissatisfied with their homes, a large number being households that really should have access to social rented homes, but through lack of supply, are being increasingly pushed into greater hardship.

This criterion applied by the Mayor is not consistent with guidance; it applies unjustified and inequitable bias and provides precious subsidy to wealthier households at the expense of low-income households who are in much greater need.

We refer to analysis carried out by the LSE, for the Social Mobility Commission² report regarding 'Help to Buy'. This shows that the median income (nationally) for those accessing help to buy is £42k and that evidence shows that only one in five households had incomes less than the national median. The report also highlights that three in five households benefiting from Help to Buy would have bought a home anyway without the assistance of the scheme.

In addition, in October 2018 *Financial Reporter* reported that first time buyers using the Help to Buy scheme were paying on average 8% more than those buying new homes without the scheme (according to research from Reallymoving)³.

² <http://blogs.lse.ac.uk/politicsandpolicy/how-help-to-buy-helps-the-privileged/> (LSE blog highlighting main points of the report)

³ <https://www.financialreporter.co.uk/mortgages/first-time-buyers-paying-8-help-to-buy-premium.html>

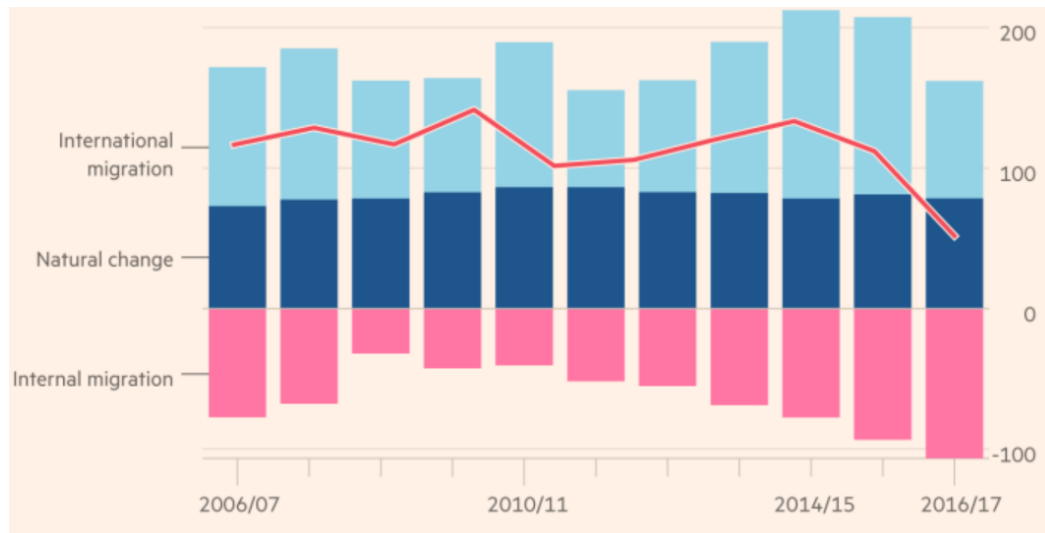
- (iv) Given the high levels of unaffordability in London and backlog of need, the SHMA would be more accessible and transparent if it set out analysis of incomes in a chart/table of percentile points matched with accessibility/affordability of different housing types in London. We are particularly concerned about the extent to which low-income / below median income households are excluded in terms of their housing needs being met. The GLA has advised us that they are unable to tell us how much housing delivered in London is accessible to below median income levels.
- (v) In considering affordability, it would be better if the Mayor's office was consistent in the measures that it uses in relation to housing costs / affordability. The SHMA refers to equivalised median income levels (60% of) in respect of low-income households. This is the measure used by ONS / DWP. Yet, we note that in respect of London Living Rents, the Mayor's office uses gross median income levels. A consistent use of equivalised median income levels before housing costs would provide a better justified assessment of affordability and a better understanding of how the Mayor is assessing affordability.
- (vi) We are unconvinced by the changes identified in the need for family sized homes (3-bed plus) - from 48% in the 2013 SHMA to just 29% in the 2017 SHMA and, alongside this, an increase from an assessed 34% of homes required to be 1-bed homes in the 2013 SHMA to a massive 55% in the 2017 SHMA. There is sufficient explanation in the SHMA to justify this. We fear it may relate to the proposed extraordinary length of time being proposed to address backlog of need – with 78% of it being for low cost / social rented homes.
 - a) *What weight, if any, should be given to the revised household projections published in September 2018?*
 - b) *What weight, if any should be given to the potential impact of Brexit?*

The GLA's 2017 SHMA notes (3.94) that the outcomes of the Brexit negotiations have the potential to dramatically influence future patterns of migration and uncertainty about the overall level of international migration. It says that it is unable to apply approaches to assess what might happen with regard to Brexit (because of levels of uncertainty). However, there are already reports of reduced international migration and net internal migration from London, which we feel should be given consideration.

Centre for London and IPR's Bath report on [Open City: London after Brexit](#)⁴ highlights that *'figures for the first three months of 2018 show 16 per cent fewer foreign nationals registered for national insurance numbers, compared to the same period in 2017. The total number of registrations fell by 25 per cent amongst EU citizens, while non-EU citizen registrations increased by 9 per cent'*.

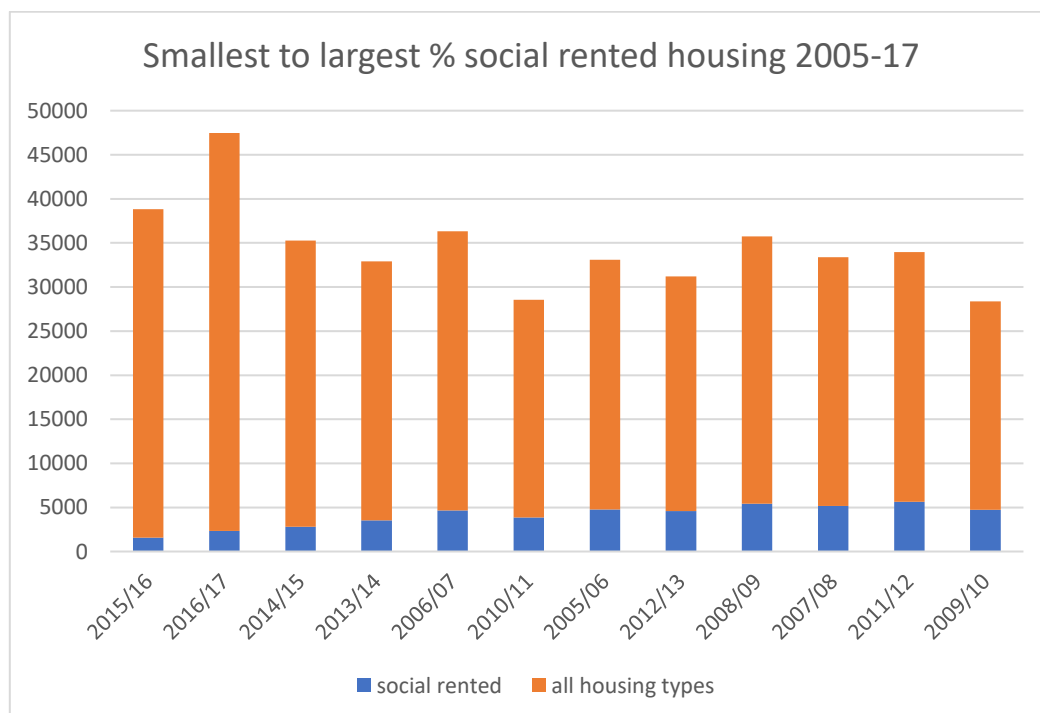
The Financial Times August 2018 reported that *'London is exporting more people than it attracts from the EU migrants ahead of Brexit and British nationals decamp to the rest of the country in search of more affordable housing. (Graph below used in the FT article is from Centre for London)'*.

⁴ <https://www.bath.ac.uk/publications/open-city-london-after-brexit/>



We feel that ONS September 2018 household projections and the 2019 English Housing Survey must be considered and a new SHMA produced as soon as possible.

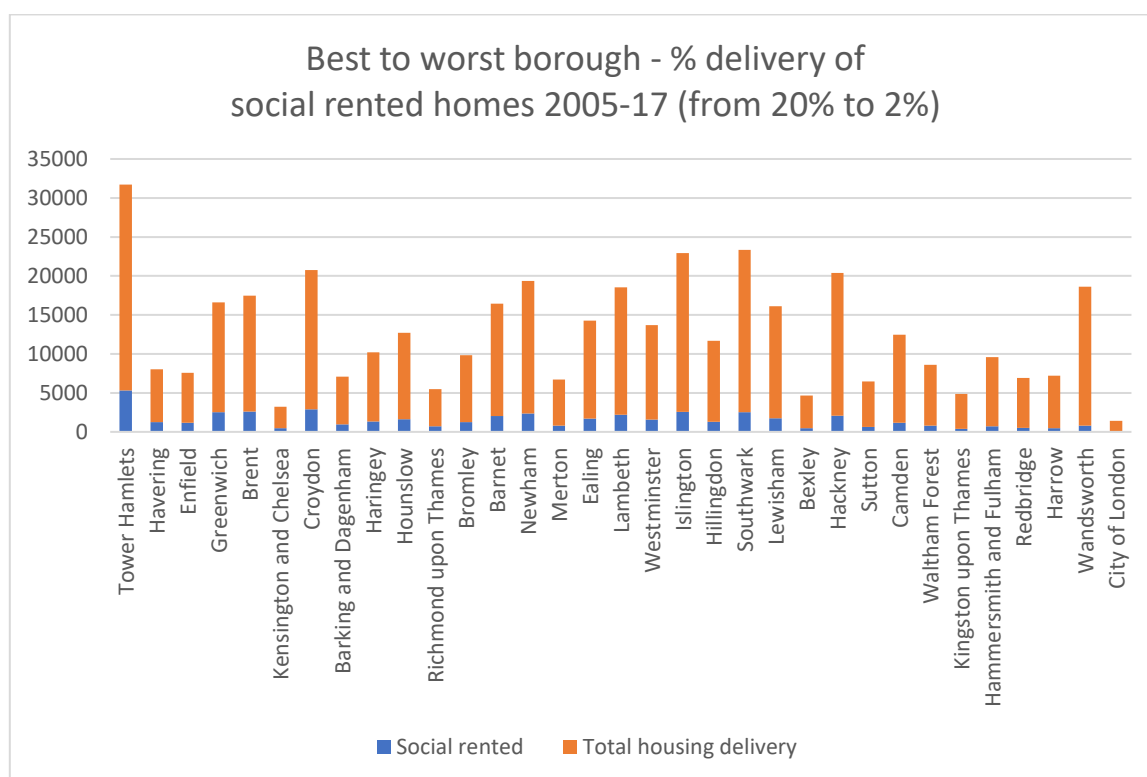
- (c) *Has the Mayor adequately considered increasing the total housing figures in order to help deliver the required number of affordable homes in accordance with PPG (ID 2a-029-20140306)?*
 - (i) We don't think that the Mayor is able to secure delivery the number of homes that he has proposed, (based on the evidence of existing delivery) let alone additional homes.
 - (ii) We argue that increasing growth of market housing has never helped to deliver higher percentages of social rented homes (a flaw in the government's promotion of this as a strategy for delivering required numbers of affordable / social rented homes). See LTF table below showing percentage delivery of social rented homes from 2005-17. Best percentage delivery of social rented homes was in 2009/10.



We also refer to Rebecca Tunstall's analysis - *Who gains from housing growth, and is housing growth ever 'inclusive growth'?*⁵ This looks at housing in London 1981-2011. She describes the whole period as a time of lots of growth. Mean rooms per person increased. She highlights that those at the worst housed 10th percentile lost out, going from 1.0 to 0.83 rooms per person. She also looks at 1981 -1991 when there was a decline in mean rooms per person and the median stayed the same at 1.5 rooms per person. The worse housed 10th percentile also stayed at 1 room per person. **We would like this to be included in the EiP Library.**

We propose: There is a strong case for the Mayor producing a strategy to ensure that backlog of need for low-cost social rented homes is addressed in 10 years. This could/should include:

- Changes in proposed housing targets to 60% social rented homes for 10 years (which will still leave some backlog, but only 7% of the current total).
- Encourage delivery of lower cost private rented homes and shared ownership exclusively without affordable housing grant.
- Impose private rent controls (as the Mayor has already announced he plans to do).
- Lobby Government much harder for grant to deliver social rented homes.
- Retain public land exclusively for delivery of social rented homes.
- Ensure all boroughs play their part in delivering low-cost social rented homes. None of them have delivered even the 24% equivalent in the current London Plan 2011 (reduced from 35% on the basis that this was nearer to what was being delivered. We suspect that few (if any) boroughs have delivered even what they have set out in their Local Plan. Our analysis on this below.



⁵ www.york.ac.uk/media/chp/Tunstall%20HSA%202018%20Inclusive%20growth.ppt