

London Tenants Federation

28.02.17

LTF response to the Mayor's Affordable Housing and Viability SPG

1. Introduction

- 1.1 London Tenants Federation (LTF) is an umbrella organisation. It brings together (mostly) borough- and London-wide federations and organisations of tenants of social housing providers. Its membership also includes the London Federation of Housing Co-operatives and the National Federation of Tenant Management Organisations. A number of its member organisations involve both council and housing association tenants and a few (a minority) are also involving some private tenants.
- 1.2 LTF aims to facilitate a consensus voice for tenants on strategic regional housing, planning and community related issues. It had representation on the Mayor's Housing Forum from 2005 until the Forum was closed, its members have been invited to attend almost all Examinations in Public of the London Plan / alterations to the London Plan.
- 1.3 LTF members are concerned that the current Mayor continues, as previous London Mayors have done, to feed the private market which has consistently failed to support delivery of homes that most Londoners can genuinely afford. Necessarily the result is support for developers and the needs of high earners at the expense of ordinary working class households. Particularly we highlight those that fall within the bottom 50 to 60 percent of London households (by income) whose needs have been constantly highlighted in housing needs analyses carried out or commissioned by the GLA that are not able to meet the cost of any form of housing other than social-rented homes.

2. Summary of LTF comments / proposals:

- The Mayor must (is indeed required to) take an evidence-based approach to dealing to addressing London's housing need. This is not the case in respect of this SPG. The Mayor should focus on delivering not-for-profit social-rented homes for which there is high evidence of need.
- Setting a target for delivery of 'affordable' housing doesn't mean anything if this is mostly about delivering homes that are not affordable to most London households.
- The Mayor should emphasis and stick rigidly to delivery of the current London Plan target for 60% of 'affordable' housing to be social/affordable rent homes – not reduce this to 30% - which will only continue to increase the current back log of need for social-rented homes in London.
- The Mayor should ensure that the total affordable housing grant is spent on delivering homes for which there is evidence of need, not on subsidising developers to make larger profits.

- Public land should be used exclusively for delivery of not-for-profit social-rented homes – not be socially undervalued and handed over to the private sector.
- The Mayor should immediately stop referring to homes that are not affordable to the majority as ‘affordable’ or worse still ‘genuinely affordable’.

3. The Mayor must take an evidence-based approach to dealing to addressing housing need. This is not the case in respect of this SPG. The Mayor should focus on delivering not-for-profit social-rented homes for which there is high evidence of need.

The 2013 SHMA identified a need for 15,700 new social-rented homes to be delivered per annum in London, of which 3,045 was covering the backlog of housing need. With ongoing failures to deliver sufficient social-rent (even with affordable-rent homes added to the social housing category) the backlog of need will have increased over the last four years (unless displacement of low income households from London is significantly and intentionally gathering pace).

The draft affordable housing SPG does not mention this extreme level of evidenced need for social-rented homes and does not propose how this need will be addressed.

4. Setting a target for delivery of ‘affordable’ housing doesn’t mean anything if this is mostly about delivering homes that are not affordable to most London households.

Playing a game of smoke and mirrors to apparently hit housing targets of 35% or even 50% ‘affordable homes’ is offensive to those (the majority) who are unable to afford 67% market rents (the suggested London Living Rents average) or intermediate housing.

It is of note, as a couple of examples, that an average London bus driver, earns just £10.80¹ per hour or £20,695 annual salary, and a fully trained nurse in London and average of £25,060² (according to the Royal College of Nursing). Rents at London Living Rent levels will not be within the reach of either (see more on this in section 6 of this response) .

LTF’s analysis of net delivery of housing for 2005-15³ shows that 30% of the homes delivered (85,033) were ‘affordable (comprising social, affordable rent and intermediate homes), or, 8,500 a year. In reality then, with additional housing grant and new policy on dealing with viability, it should not be so difficult to increase to 35% ‘affordable housing’.

The real problem, however, is exactly how much of that housing is actually affordable to the bottom half or households by income in London. LTF’s analysis finds that this is only 17% of homes delivered in London over the period 2005-15 were social rented. If

¹ http://www.payscale.com/research/UK/Job=Bus_Driver/Hourly_Rate/4d7c97e4/London

² [http://www.payscale.com/research/UK/Job=Registered_Nurse_\(RN\)/Salary/682c8064/London](http://www.payscale.com/research/UK/Job=Registered_Nurse_(RN)/Salary/682c8064/London)

³ [http://www.londontenants.org/publications/reports/10%20years%20-%20housing%20targets%20\(F\).pdf](http://www.londontenants.org/publications/reports/10%20years%20-%20housing%20targets%20(F).pdf)

the result of the SPG is that the number of social/ affordable rent remains at a similar low level, the Mayor will just continue to fail the bottom half of London's households (by income); those with the most serious and evidenced housing need.

5. The Mayor should emphasis and stick rigidly to delivery of the current London Plan targets for 60% of 'affordable' housing to be social/affordable rent homes – not reduce this to 30% - as this will continue to increase the current back log of need for social-rented homes in London.

The target of affordable housing was reduced in 2011 from 50% (of the total housing target) to an equivalent of 41%. The tenure split for social-rented homes (of the affordable housing total) was also reduced from 70% social-rented and 30% intermediate to a 60% social/affordable rent and 40% intermediate split. The 70/30 split of 50% affordable housing could theoretically have delivered 35% social-rented homes while the latter 60/40%, 25% social/affordable-rent homes.

The 60/40% split was found to be deliverable at the Examination in Public of the London Plan in 2010. There is no justification for reducing the 60% to 'at least 30%'.

DCLG analysis of housing supply in England for 2015/16⁴ makes it clear that overall, most units supplied during that year were through section 106 (nil grant), but that most of this supply was for tenures other than affordable rent homes. We are extremely concerned that if the Mayor does not strongly adhere to the 60% social / affordable rent that most homes developed with nil grant will be London Living Rent homes for which there is no evidence of benefit in terms of meeting need.

The Mayor must insist that developers adhere to at least 60% of affordable housing being social/ affordable rent.

6. The Mayor should ensure that the total affordable housing grant is spent on delivery of homes for which there is evidence of need, not on subsidising developers to make larger profits and ignoring evidenced need.

According to GLA housing officers, in cost terms, London Living Rent homes will, on average, be roughly 67% market rents (pretty much the same as average affordable rent homes, to date, in London). In 2011, Hometrack found that households would need an income of £44,500 to meet the cost of 80% market rents in London. It would have required (in 2011) a household income of (or £37,269).⁵ The median household income level in London in 2013 (latest available from the GLA data store) was £39,100 a year.

Given that London private rents have increased by at least £400 per month since 2011, and London house prices risen £105 a day over the last 5 years. we assume that the

⁴https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569979/Affordable_Housing_Supply_2015-16.pdf

⁵ Hometrack analysis has determined average national and regional household incomes needed to meet the cost of the Government's 'affordable rent tenancies' (at 80% market rents) – reported in inside housing 18.02.11
<http://www.insidehousing.co.uk/news/housing-management/tenants-need-%C2%A323k-salary/6513707.article>

household incomes will have had to have increase by at least £5,600 a year (at 67% market rents to meet the cost).

Of even greater concern, is that while affordable-rent homes were accessible to households that would otherwise have been access to social-rent homes (albeit hiking up housing benefit dependency), London Living Rent homes are aimed not at those who would be able to access social-rented homes, but at higher, 'middle income' working households. This literally robs from the least well-off to subsidise 'middle income' households.

At no time has the GLA assessed the need for either private-rented homes at full market rents or at 67% market rents. The 2013 SHMA only assessed the need for social-rented homes and presumed that those eligible for social-rented would also be able to access affordable rent homes. Planning authorities, including the Mayor, are required to assess need for different type of housing, which has not been done in relation to London Living Rent homes. No evidence is provided support using the affordable housing grant for anything other than social / affordable rent homes and intermediate housing.

7. LTF is of the view that public land should be used exclusively for delivery of social-rented homes – not be undervalued and handed over to the private sector.

Since developers have always failed to meet targets to deliver sufficient social-rented homes, it is inappropriate to hand over public land for their financial. Public land should be held for public benefit – delivery of not-for profit social-rented homes and social and community infrastructure. Such homes should be delivered by local authorities, co-operatives or community land trusts to ensure long term benefit.

8. The Mayor should immediately stop referring to homes that are just not affordable to the majority as 'affordable' or worse still 'genuinely affordable'.

The term affordable housing is a con. The only genuinely affordable housing in London is that through which rent covers the cost of managing maintaining and repairing homes, not putting money into the pockets of developers and private landlords which is for-profit housing.) This distinction should be highlighted by the London Mayor.

Yours sincerely

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