

# London Tenants Federation

15.07.15

## **Written submission to the London Assembly Housing Committee on the extension of right to buy (RTB) to housing association tenants.**

### **1. Introduction**

- 1.1 London Tenants Federation (LTF) operates as an umbrella organisation bringing together borough and London-wide tenants' federations and organisations (of social housing providers). While LTF has evolved from local authority tenant structures, its member organisations are increasingly involving housing association tenants. LTF membership also includes Catalyst Tenants Federation, the London Federation of Housing Co-operatives and the National Federation of TMOs. London Tenants Federation members represent both tenants and leaseholders (who are both defined as 'tenants' in its Articles of Association).
- 1.2 LTF welcomes the opportunity to submit comment to the London Assembly Housing Committee and to engage in debate at its meeting on 16<sup>th</sup> July on this very important policy change.
- 1.3 LTF members sympathise with social-housing tenants who have in the past or are currently looking to exercise their right to buy, particularly when they may feel frightened that the writing is on the wall in terms of the future of genuinely affordable social-rented housing in London.

However, LTF has a wider collective remit and perspective on the role of social-rented housing in meeting the needs of mostly low income working class communities now and in the future. It feels that given the extreme levels of unmet need for social-rented homes and housing unaffordability in London, the extension of right to buy to housing association tenants (and likewise the increased discounts for council tenants since 2012) is (to quote from the Telegraph) "morally wrong".

- 1.4 LTF is of the view that central to housing supply should remain the provision of a stable home base within a community where each of us can demonstrate a long term commitment. LTF has for some years been concerned that the drive to wholesale ownership (generally) provides open season for those who see housing as a source for profit and as mere collateral against which to increase personal debt.

LTF supports policy aimed at developing sustainable communities and lifetime neighbourhoods. To enable these to be achieved there needs to be a strong element of stability to ensure supportive neighbourhoods that might benefit both young and old equally.

LTF feels that right to buy is increasing being used as buy to leave and / or buy to let; neither of which supports the two statements above.

## **2. London's housing crisis and ongoing loss of precious and more genuinely affordable social-rented homes**

- 2.1 LTF is concerned that the level of need for genuinely affordable, social-rented homes in London is consistently downplayed and deliberately masked within a variety of documentation and target and delivery figures that are held in a variety of places. There is a lack of transparency on this issue. While RTB is just one part of the picture around numbers of social-rented homes that have already been lost or could be lost from general supply, but combined with others, the picture is extremely serious.
- 2.2 It is often suggested that London Plan net housing targets (for all types of homes) are not met; implying that this relates equally to all types of homes. While it is the case that collectively housing targets are not met, the overall figure blurs the differences in terms of delivery of different types of homes. Targets for market homes are generally more or less met, while those for social-rented homes are generally only 50% met.

Analysis of the 2015 Annual Monitoring Report of the London Plan (attached), for example, shows that 80% of the target for net conventional self-contained homes of all tenures was met in 2013/14. The net conventional market homes target for 2013/14 (set at 56% of the total net target), was 104% met, while the net conventional social-rented and affordable rent homes target (set at 27% of the total target) was only 53% met. 16,634 net conventional market homes but only 3,701 social-rented homes were delivered.

- 2.3 Addressing the backlog of housing need (also deemed to be an issue for all types of tenure) has a much higher social-housing component than for market homes, especially compared to average annual delivery figures. The 2013 Greater London Strategic Housing Market Assessment found a 60,893 backlog of social-rented housing need. This would take 12.5 years to address if the average social-rented housing delivery rate (for the years 2007-13) were achieved. The backlog of need identified for market housing was only 14,801. This is less than one year's average delivery rate of market housing (across the years 2007-13). The backlog of need has resulted in the Mayor taking the stance that it will take 20 years to address, when previous guidance required backlog of need to be addressed over a 5 year period.
- 2.4 Despite the Mayor's office recording both gross and net delivery of social-rented homes only gross figures are referred to in the media releases. Gross delivery figures includes homes that are additional to supply plus those that are replacements for others that have been demolished, (which are not additional to supply). LTF concludes that this is simply a game of smoke and mirrors.
- 2.5 While the Annual Monitoring Report of the London Plan provides adequate information on net delivery of homes, it does not provide information on any changes of tenure (via RTB or conversion from social-rented to affordable-rent homes). Detail on these issues is included in other data, including national Department for Communities and Local Government live tables.
- 2.6 LTF suggests that there is an urgent need for the Mayor's office to provide transparent and accessible information in one annual document that is in addition to the London Plan Annual Monitoring Report. It should include information on housing need (including statistics on levels of overcrowding and homelessness), net housing targets,

net housing delivery (set out borough-by-borough) and figures on social-rented homes lost from supply including:

- The number of council homes sold in London through RTB and the actual numbers of new homes delivered via capital receipts. From April 2012 to April 2015, there were 8,044 RTBs<sup>1</sup> in London, yet only 1,115 replacement RTB starts<sup>2</sup>
- The number of social-rented homes that have been converted to affordable rent homes. 11,011 social-rented (mostly housing association homes) have been converted to affordable rent since 2012<sup>3</sup>
- The number of social-rented homes demolished.

NB the net delivery of social-rented homes over the last 3 years that we have data for (2011-14) was only 13,928<sup>4</sup>.

### **3. Impact on levels of hardship and debt**

3.1 LTF is incredibly worried about the potential for increased levels of debt and repossession of RTB homes in London (despite banks tightening their lending criteria since the crash in 2008). The rise in low-paid and temporary / non-secure jobs in the UK generally is well documented. While we suspect that an increasing number of those exercising the RTB will be buy to leave or buy to let (see section 4), we are very concerned about the impact on those who exercise the RTB who might suddenly find themselves out of work and/or with huge bills to pay (as occurred while decent homes work was being carried out on local authority estates).

3.2 LTF has two additional concerns:

- (i) The Government's intention that households earning £40,000 or more pay market rents could increase the number of households looking to exercise the RTB, even if this causes them huge financial hardship, (since market rents could cause then equally or higher levels of hardship).
- (ii) While foreseen improvement works to homes will be included in lease agreements, not all future possibilities will be covered. LTF has concerns that policy proposals (supported by both the Labour Party's Lord Adonis and Brandon Lewis, Minister of State for Housing and Planning) for large scale demolition and refurbishment of council estates could also impact on older housing association estates. This would have a detrimental impact on leaseholders.

### **4. The evidence base**

4.1 LTF is concerned that there is a lack of, or poor, evidence relating to:

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<sup>1</sup> <https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales> (table 691)

<sup>2</sup> <https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales> (table 693)

<sup>3</sup> <http://www.insidehousing.co.uk/just-over-11500-affordable-rent-conversions-in-london/7009066.article> (March 2015)

<sup>4</sup> This figure is derived from the Annual Monitoring Report 11 of the London Plan 2015 <https://www.london.gov.uk/sites/default/files/Annual%20Monitoring%20Report%202011%20update.pdf> The AMR also identifies that 794 net affordable-rent homes were delivered during 2013/14. This and the social-rented delivery data may well be inaccurate since the GLA advise that some boroughs are recording delivery of new affordable-rent homes as social-rented.

- (i) The impact on the delivery of new and additional genuinely affordable homes as a result of: the extension of RTB to housing association tenants and the existing increased discounts on RTB (see section 2 above).
- (ii) The economic evidence / justification for extension of RTB. The Telegraph has suggested that the extension of RTB to housing association tenants is 'economically illiterate'. We would agree with this and suggest that it is simply ideologically driven. Savills (widely reported in many newspapers including the Guardian and Financial Times) has questioned the government figures and financial justification.
- (iii) The social evidence. While we understand that many housing association tenants may feel they should have the same rights to a legal Right to Buy as council tenants, there is a need for wider and more accurate evidence on why households may wish to exercise their right to buy – particularly in the context of this increasingly being buy to leave or buy to let in London.

The common argument is that there is wide desire amongst social housing tenants to buy their homes, however we are extremely concerned about the context for and the reasons why this might be the case. Of course any household might say they would like own a home, or an expensive car, or have a 4-weeks holiday in the sun each year, but this needs to be justified not simply around desirability, but ability to meet costs and impact on other priorities (including individual and wider community / social priorities).

LTF is concerned that tenants are increasingly exercising their right to buy (to leave or let) for reasons that their community is less cohesive than it was in the past. In areas where they has been high levels of gentrification it could be that this has resulted in a loss of services and amenities that support the needs of their community. In the past tenants would more likely have exercised their right to buy because they wanted to improve their homes and to stay in their community, particularly at times when there have been cuts to grant funding for maintenance and improvements to homes.

It is assessed that some 36% of homes where RTB has been exercised are now let out as private homes (some to homeless households covered by housing benefit at three of four times the cost of renting a social-rented home). In some parts of London and on some estates this is at a much higher level than 36%. This generally creates transient communities where they had once been more cohesive. Such levels of transience (for all the argument around delivering 'mixed and balanced communities') actually encourage more to exercise the RTB (to leave and to let); creating even greater levels of transience.

## **5. Unequal treatment of long term tenants versus RTB.**

- 5.1 While a high percentage of social housing tenants are unable to meet the cost of their rents without claiming benefits, large numbers have consistently paid their full rents. Over many years they may well have paid an equivalent amount to the actual cost of their home. The collective benefit to society of them continuing to rent their home is that the home remains accessible for future generations. There would seem to be an unequal treatment between these tenants and those gaining a £104,000 discount to support them buying a home which is then lost from social-housing supply.

## **6. The negative impact on small housing associations and community based co-operatives / TMOs / Neighbourhood Forums and Community Land Trusts that aim to build new low-cost rented homes.**

- 6.1 LTF has generally supported the idea of small housing associations; community based co-operatives; TMOs; Community Land Trusts and Neighbourhood Forums adding to the supply of affordable homes in London and has argued for stronger policy in the London Plan to support this.
- 6.2 The extension of the RTB to the tenants of such bodies would make Right to Buy proposals very much more difficult and create a moral dilemma for those who would not wish to see more expensive council homes sold to facilitate this.

## **7. Detrimental impact on Local Authorities and ability to deliver homes to meet local needs.**

- 7.1 The intention that Local Authorities should sell off their most expensive homes to finance RTB for housing association tenants (that is to pay back any loss to housing associations) is both unfair and unreasonable and is not supported by the London Tenants Federation. This would impact more detrimentally in London and would appear to be completely contrary to the idea that Local Authorities would have more powers and determination over their Housing Revenue Accounts.

In some boroughs, tenants groups have supported their local authority's aims to deliver social-rented homes through establishing council-owned housing companies that would specifically not entail RTB (in efforts to meet London's extreme levels of housing need).

- 7.2 LTF is concerned about the amount of money that was received by the treasury under successive Conservative and Labour Governments in capital receipts from RTB sale and which was never returned to Local Authorities to build new council homes.

## **8. Proposals**

- The London Assembly's Housing Committee should lobby the Mayor to produce one document (annually) that provides detailed and transparent information on: housing need (including levels of overcrowding and homelessness), net housing targets and net housing delivery in London (set out borough-by-borough) and figures on the loss of social-rented homes including (a) the number of homes sold in London through the right to buy and actual number of homes delivered via capital receipts (b) the number of social-rented homes that are converted to affordable rents (c) the number of social-rented homes that have been demolished in regeneration schemes and (d) displacement of households, that can really only afford to meet the cost of social-rented homes, from London.
- The London Assembly Housing Committee, the Mayor and London Council should put their efforts together into asserting the case for London when dealing with Government – rather than trying to make national policies that have negative impact on London's least well off communities - fit. Housing issues are very different in London than in the here rest of the country – including serious levels of housing need, unaffordability and displacement of low income households.

- The London Assembly should carry out a full investigation into issues LTF has highlighted (particularly relating to section 4 and 6 of this written submission), to provide accurate evidence - on the impact of the extension of the Right to Buy to housing association tenants (and on increased discounts) - in London.

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On behalf of  
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