

17.09.21

## **LTF response to Delivering on London's Housing Requirement: interim report**

1. **Introduction:** London Tenants Federation (LTF) brings together borough- and London-wide federations and organisations of tenants (including leaseholders) of social housing providers. Our membership includes the London Federation of Housing Co-operatives and the National Federation of Tenant Management Organisations. Some of our member organisations involve both council and housing association tenants. A few (a minority) also involve some private tenants.

We engage in London strategic housing, regeneration and planning policy - responding to Mayoral consultations and engaging in Examinations in Public of the London Plan.

Our response to the recommendations in this interim report are as follows:

### **2. Market Housing Failure**

We agree that if more central government funding were made available, it would help fill the social rented housing gap. That gap, according to the Mayor of London's 2017 Strategic Housing Market Assessment, comprised a horrendous 163,000 backlog need in the capital as well as newly arising need. We have no doubt that both will have grown since 2017.

We suggest:

- There is a need for all authorities to lobby the Government to provide funding to deliver social rented homes to address London's housing requirements.
- Funding should be based on a new analysis of the need for social rented homes in London.
- Public land should be used exclusively for building new social rented homes and any necessary social and community infrastructure required to support the communities living in new social rented homes.
- The Mayor of London's office should maximise delivery of social rented homes with his affordable housing grant. The latest 2021-26 allocation of funding nowhere near meets actual need. We are, however, pleased that

some boroughs will deliver exclusively social rented homes with their allocated funding.

- All London local authorities and housing associations should deliver maximum levels of social rented homes in all developments. We are very concerned that there have been consistent failures to meet targets for social rented homes set in the London Plan, especially since the targets were deemed deliverable by planning inspectors at Public Examinations. From 2005-2019 the London Plan target for social (and affordable rent) homes totalled 131,237, but only 61,572 were delivered. We would like to see some explanation for these failures.

### **3. Threats to the cross-subsidy model**

- We strongly disagree that Government should make a 30-year commitment to increase social housing rents to CPI + 1% immediately and that councils should be granted flexibility on rent rises.
  - Increasing social housing rents by CPI + 1% every year for thirty years will make social housing increasingly unaffordable for many.
  - If this proposal is adopted, and assuming the benefit cap rises with inflation, households receiving universal credit and housing benefit will be expected to pay a higher proportion of their rent independently. This will heavily impact low-income social rented households across London.

In Southwark, for example, 33,695 social housing tenants receive universal credit.<sup>1</sup> Since 2008, wages have also been rising slower than inflation,<sup>2</sup> meaning a rise of rents above inflation may lead to increased in-work poverty, indebtedness, and increased reliance on benefits to help cover rent.

Those on universal credit are already more likely to be in rent arrears,<sup>3</sup> and a rise in rent above inflation would likely increase the level of arrears of claimants.

There is a potential risk that higher prices in the social housing sector could lead to tenants being forced into the private rented sector, which has a higher number of sub-standard properties,<sup>4</sup> and less security of tenure.

- There is a lack of clarity over what is meant by 'historically low' rents. How would this be defined, and how much flexibility would councils with 'historically low rents' be given to determine their rent levels?

---

<sup>1</sup> <https://dwp-stats.maps.arcgis.com/apps/Cascade/index.html?appid=8560a06de0f2430ab71505772163e8b4>

<sup>2</sup> <https://neweconomics.org/2021/06/no-need-to-get-pumped-up-about-inflation>

<sup>3</sup> Paul Hunter, *Falling Behind: The impact of Universal Credit on rent arrears for council tenants in London*, The Smith Institute, p. 4.

<sup>4</sup> MHCLG, English Housing Survey: Headline Report, 2019-2020, p. 32

- It is also unclear how a positive correlation between additional house building and reductions in housing benefit could be proved.
- We feel that it is totally unreasonable for social housing tenants to bear the costs of new build homes and new debt, which was clearly a factor in the CPI+1% annual rent increases from 2020.
  - It is certainly unclear that increasing rents above inflation would improve services provided to tenants, including repairs. According to the English Housing Survey 2019-20 headline report, 12% of social homes do not meet the Decent Homes Standard.<sup>5</sup> If higher social housing rents are channelled into building new homes, rather than repairs, social housing tenants will be paying more rent without required repairs and refurbishment provided. It could be argued that it would be unreasonable to expect more rent from tenants living in sub-standard conditions.
  - It is clear that there is a need for more social rented homes, but not at the expense of the affordability of this housing type. Given the combination of the failure of the cross-subsidy model and the inability of social housing tenants to meet rising rents, greater pressure must be placed on the Government to provide the grant funding required to address need.
  - We are also concerned that in many instances the 1% rent reductions from 2016-20, discussed in the G15 and London Councils' report, were anyway replaced with increases in service charges. We feel that rents and service charges combined would not have reduced the outgoings of social housing tenants to the extent it has been suggested.
  - There is a lack of transparency, accountability and public recording (at the national level) of the costs of tenants' rents and service charges and no public scrutiny of the differences in charges applied by social landlords across London (and presumably in the rest of the country) for similar services.
  - There is also wide inconsistency in the quality of consultation with tenants about annual rents and service charges increases and in the level of information provided for tenants to understand the cost of both.
  - We suggest that boroughs and Private Registered Providers (PRP) should publish data relating to the cost of rent and services compared to local incomes in incremental steps.
  - We also suggest that PRPs and councils should monitor and publish the impact of CPI+1% rent increases annually and an assessment of the impact this has had on tenants' incomes.

#### **4. Challenges in mobilising development through the HRA**

- We would like to see London Council's support the ending of Right to Buy.
- We would like to see all RTB receipts used exclusively for the delivery of new social rented homes.

---

<sup>5</sup> MHCLG, English Housing Survey: Headline Report, 2019-2020, p. 32

- We disagree with the G15 / London Council’s recommendation to enable a range of tenures to be delivered through the HRA – including intermediate and market homes. We want to see the HRA continue to be used exclusively for council (social rented) homes and its ring-fence must be preserved. The key problem in allowing the HRA to hold financing of other types of housing is, as occurred in the past, that council tenants will end up paying for things that provide them with no benefit.
- Borough housing companies are contributing very little to the delivery of social rented homes in London. We disagree that they should 'access and use all forms of borough funding including RTB and S106'.
- We strongly disagree with the recommendation that councils and PRPs should be supported with grant funding for replacement homes to take forward estate regeneration schemes. Existing social rented homes should be refurbished – not demolished, leaving maximum grant funding to deliver additional social rented homes. Councils and PRPs consistently fail to provide tenants with full and proper analysis of the economic, social and environmental costs of demolition and rebuild, compared to refurbishment – making it difficult for tenants to take decisions about the future of their homes based on well-informed consideration of the facts.
- The boroughs and housing associations should lobby for VAT to be excluded in respect of housing refurbishment.

## **5. Skills shortage and wider market uncertainty**

It is encouraging to see a number of measures suggested that would help to ensure London can provide the skills needed to increase its housing supply. However, this report does not commit to ensuring that those employed in the construction of new social and affordable homes in London can afford to live in those homes.

Over 10% of London’s construction workforce are paid below the London Living Wage,<sup>6</sup> meaning they cannot reasonably afford to live in London. Councils and other PRPs need to ensure that they, or their contractors, pay a wage that allows their construction workers to live in the homes they construct.

A further and very important point missing from the recommendations in this report is the need for reinvestment in local public educational institutions that deliver courses and training across the range of construction and development skills and which support local young people.

## **6. Support for social housing providers to meet building safety and net-zero costs**

---

<sup>6</sup> Richard Brown, 'Richard Brown: London’s economy can no longer afford to pay low wages', On London, 25<sup>th</sup> August 2021 (<https://www.onlondon.co.uk/richard-brown-londons-economy-can-no-longer-afford-to-pay-low-wages/>)

We agreed that there should be government financial support for addressing both building safety and new-zero costs.

We are very concerned, however, that some housing providers have already said that they would sell off social rented homes that are hard to retrofit. This unacceptable.

Yours sincerely

Pat Turnbull and Pauline Hutchison  
Regional representatives  
London Tenants Federation